

How to avoid  
a Greek-style  
meltdown

BY FAREED ZAKARIA

Want to get  
rich? Be a  
farmer

Michele and  
Mitt: Iowa's  
odd couple

BY MIKE MURPHY

THE CULTURE  
41 books  
to read this  
summer

# TIME

## THE WAR NEXT DOOR

Why Mexico's drug violence is America's problem too

BY TIM PADGETT



Grave markers  
outside the  
border city of  
Juárez, which  
has the highest  
murder rate in  
the world

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Reportage by  
Getty Images for TIME



With food prices so high, the farming industry is a rare bright spot for the U.S. economy. Photograph by Danny Wilcox Frazier—Redux for TIME

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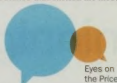
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One Document,  
Under Siege

## EDITOR'S DESK

### Mexico's Tragedy Is a U.S. Concern



The drug-related violence in Mexico is harrowing and depressing. It poses a growing danger to Mexican civil society, the Mexican economy and the U.S. We are Mexico's largest trading partner, and only part of that business is drugs. The simple equation has always been one of supply and demand: America's insatiable demand drives the drug business in Mexico. But the huge increase in violence and lawlessness in Mexico over the past five years vastly outstrips the rise in drug use in the U.S.

That said, America's war on drugs—which has its 40th anniversary this summer—is anything but a success. Americans consume \$65 billion annually in illegal drugs, which are a bigger business than professional sports and Hollywood combined. This state of affairs, alas, is not going to change anytime soon. But as Tim Padgett's powerful story makes clear, Mexico is approaching a danger zone. Tim, who has been covering the Mexican drug wars for more than two decades, finds the present moment a perilous but hopeful one. "While the drug-cartel brutality is the worst we've ever seen," he says, "the clamor for the rule of law among victims' groups is the loudest we've ever heard."

President Felipe Calderón's war on drugs has been brave and bold but sometimes misguided. Meanwhile, as Jorge Castañeda, Mexico's former Foreign Minister, writes in an accompanying essay, the absence of a functional judicial system hampers Mexico's fight against its powerful and ruthless drug lords. As Hillary Clinton suggested, Mexico's tragedy has become an issue of international human rights. And it is one in which the U.S. has a profound national interest.

*Pick*

Richard Stengel, MANAGING EDITOR



## THE CONVERSATION

### 'Has Richard Stengel actually read the Constitution?'

quipped an online commenter about managing editor Stengel's cover story "**One Document, Under Siege**," a look at how the Constitution relates to health care, U.S. debt and other contemporary issues. Critics of Stengel's conclusions about the Constitution's relevance insisted that the author—the former director of the National Constitution Center in Philadelphia—had undermined our founding document. Still, the article, which other readers called "thoughtful" and "excellent," sparked TV debates, 2,500 Likes on Facebook and a robust online exchange. An article on another hot-button constitutional issue was also a top read on TIME.com. Of Howard Chua-Eoan's "**The Bittersweet Victory**," on how religious institutions still frown on same-sex marriage, one reader wrote, "If God exists, surely he has bigger fish to fry."

## Video | Your Bill of Rights

To view 10 videos on the Bill of Rights—companions to TIME's "One Document, Under Siege" cover story—go to [time.com/billofrights](http://time.com/billofrights)

### First Amendment







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# The Constitution Now



Thank you for a brilliant article on the relevance of the Constitution for modern times ("One Document, Under Siege," July 4). I read it a second time, substituting the word *Bible* for *Constitution*, and it was a liberating religious experience. Could *TIME* publish a similar article about the Bible, a 2,000-plus-year-old document?

The Rev. Paul Veliyathil,  
CORAL SPRINGS, FLA.

*TIME*'s cover photo of the partial shredding of the U.S. Constitution is disgraceful, distasteful—and protected by the very document you shred. Thankfully, the Constitution will survive a dumb cover photo by your magazine.

Fred Walker, PHILADELPHIA

While I enjoyed Richard Stengel's exploration of constitutional issues in the public eye, the real constitutional story lies in Supreme Court decisions that expand corporate influence while insulating corporations from public and governmental attempts to restrain abuses. Those decisions pave the way toward a society of inequality, in which elections are merely window dressing for the control of government by moneyed interests. The Constitution will survive disputes over war powers, debt, health care and immigration, but unless voters regain some influence over the electoral process, our democracy will become a sham.

Jim Lovell, SEATTLE

Stengel refers to the constitutions of the Soviet Union, Cuba, Nazi Germany and Libya. The Bolshevik-inspired Soviet constitution did indeed include a guarantee of the right of free speech, as an example, but a guarantee of and by the government; our Constitution recognizes the right of free speech as inherent to the peo-

## FROM THE TWITTERVERSE Animated Debate

Re Richard Corliss's "25 All-TIME Best Animated Films":



@brianszabelski  
How do you not include *Fantasia*? WHO WROTE THIS?

@mrphodson

Happy Feet over *Akira*? #seriously.



@estesgould  
What? *Pinocchio* is No. 1? Two thumbs down.

@LaneWinree

Very pleased with *Spirited Away*'s high ranking.



@theaidan

Can someone show Richard Corliss some more films?

ple and not to be interfered with by the government, except in limited circumstances like yelling "Fire!" in a crowded theater. Our Constitution is unique in world history, and that fact should never be diminished.

Ronald M. Smith, WILLIAMSBURG, VA.

Stengel felt compelled to state the obvious: that the framers of the U.S. Constitution were not gods. Ironically, however, as with the Koran, Torah and Bible, our Constitution has so many interpretations as to make its essence more a matter of faith than fact. So better does it provide a continuous guiding light to our liberties as well as to its own preservation.

Craig M. Miller, LAKEWOOD, OHIO

Stengel says the framers "gave us the idea that a black person was three-fifths of a human being." The three-fifths compromise was indeed a perverse one, but Stengel's misleading phrase perpetuates a popular misconception:

that the delegates to the Constitutional Convention negotiated an agreement to declare those of African descent to be inferior to whites by 40%. The admittedly obscene three-fifths fraction was an arbitrary number meant to indicate not the relative value of slaves but the extent to which the whites who owned them would be rewarded with additional political power. Thus it was those who treated black people as less than human who were pushing the number upward and those whose heirs would help free them who tried to reduce it. Stengel's phrasing implies the opposite.

Glen Jordan Spangler, LAUREL, MD.

As a high school social-studies teacher, I often pose the question "What would the framers say?" to my graduating seniors. However, your answer, that "they're not around to prove anyone wrong," is literally true but figuratively wrong. I challenge anyone to read even a handful of quotes from Adams, Hamilton, Jefferson or Madison and not see timeless truths.

Darren Rosenbaum,  
SCHODACK LANDING, N.Y.

I was disappointed to see your magazine refer to the recent health reform enacted by our government as "Obamacare," a right-wing epithet designed to undermine the legitimacy of the legislation.

Travis Maruska, WORCESTER, MASS.

### The Specs

The author's glasses had a higher price tag than a flat-screen TV



### Hey, Bill, Can You Read This?

Please tell me that editor Bill Saporito is receiving mental-health treatment, because he is insane for spending \$1,000 on a single pair of glasses ["Eyes on the Price," July 4]. I buy glasses from Zenni Optical, an online site. It's \$20 for a complete set at my doorstep, shipping included.

Peter Minton, WINSTED, CONN.

**BILL SAPORITO RESPONDS:**  
I am still extremely happy with my overpriced glasses.

### WRITE TO US

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Very high triglycerides is a medical  
term for something serious:

# TOO MUCH FAT IN YOUR BLOOD.

Ask your doctor about the FDA-approved medication made from omega-3 fish oil: LOVAZA

If you have high cholesterol, diabetes or are overweight, you may also be at risk for very high triglycerides ( $\geq 500$  mg/dL), which is a serious medical condition. There's only one FDA-approved medication for treating very high triglycerides that's made from omega-3 fish oil. LOVAZA, along with diet, has been clinically proven to lower very high triglycerides in adults. Individual results may vary. LOVAZA has not been shown to prevent heart attacks or strokes. LOVAZA is only available by prescription. You can't get it at a health food store. So if you think you might have very high triglycerides, talk to your doctor about getting tested and ask about LOVAZA.

LOVAZA is used along with a low-fat and low-cholesterol diet to lower very high triglycerides (fats) in your blood. Before taking LOVAZA, talk to your healthcare provider about how you can lower high blood fats by losing weight, if you are overweight, increasing physical exercise, lowering alcohol use, treating diseases such as diabetes and low thyroid (hypothyroidism), and adjusting the dose or changing other medicines that raise triglyceride levels such as certain blood pressure medicines and estrogens.

## IMPORTANT SAFETY INFORMATION FOR LOVAZA

Tell your doctor if you are allergic to fish or shellfish as LOVAZA may not be right for you. Talk to your doctor about any medical conditions you have and any medications you are taking, especially those that may increase your risk of bleeding. In some patients, LDL (bad) cholesterol may increase. Your healthcare provider should do blood tests before and during treatment with LOVAZA to check your cholesterol and triglyceride levels. If you have liver disease, you may require additional monitoring. Possible side effects include burping, upset stomach, and change in sense of taste.

How supplied: 1-gram capsule

Please see important Patient Information on the next page.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit [www.fda.gov/medwatch](http://www.fda.gov/medwatch), or call 1-800-FDA-1088.

For more information, visit [LOVAZA.com](http://LOVAZA.com) or call 1-877-LOVAZA1



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**LOVAZA**  
omega-3-acid ethyl esters

Read the Patient Information that comes with LOVAZA before you start taking it, and each time you get a refill. There may be new information. This leaflet summarizes the most important information about LOVAZA and does not take the place of talking with your doctor about your condition or treatment.

For more information, visit  
[LOVAZA.com](http://LOVAZA.com) or call 1-877-LOVAZA1

#### What is LOVAZA?

LOVAZA is a prescription medicine, called a lipid-regulating medicine, for adults. LOVAZA is made of omega-3 fatty acids from oils of fish, such as salmon and mackerel. Omega-3 fatty acids are substances that your body needs but cannot produce itself.

LOVAZA is used along with a low-fat and low-cholesterol diet to lower very high triglycerides (fats) in your blood. Before taking LOVAZA, talk to your healthcare provider about how you can lower high blood fats by:

- losing weight, if you are overweight
- increasing physical exercise
- lowering alcohol use
- treating diseases such as diabetes and low thyroid (hypothyroidism)
- adjusting the dose or changing other medicines that raise triglyceride levels such as certain blood pressure medicines and estrogens

**Treatment with LOVAZA has not been shown to prevent heart attacks or strokes.**

LOVAZA has not been studied in children under the age of 18 years.

#### Who should NOT take LOVAZA?

Do not take LOVAZA if you:

- are allergic to LOVAZA or any of its ingredients.

#### What should I tell my doctor before taking LOVAZA?

Tell your doctor about all of your medical conditions, including if you:

- drink more than 2 glasses of alcohol daily.
- have diabetes.
- have a thyroid problem called hypothyroidism.
- have a liver problem.
- have a pancreas problem.
- are allergic to fish and/or shellfish.
- LOVAZA may not be right for you.
- are pregnant, or planning to become pregnant. It is not known if LOVAZA can harm your unborn baby.
- are breastfeeding. It is not known if LOVAZA passes into your milk and if it can harm your baby.

Tell your doctor about all the medicines you take, including prescription and non-prescription medicine, vitamins, and herbal supplements. LOVAZA and certain other medicines can interact. Especially tell your doctor if you take medicines that affect clotting such as anticoagulants or blood thinners. Examples of these medicines include aspirin, nonsteroidal anti-inflammatory agents (NSAIDs), warfarin, coumarin, and clopidogrel (PLAVIX®).

#### How should I take LOVAZA?

- Take LOVAZA exactly as prescribed. Do not change your dose or stop LOVAZA without talking to your doctor.
- Your doctor should start you on a low-fat and low-cholesterol diet before giving you LOVAZA. Stay on this low-fat and low-cholesterol diet while taking LOVAZA.
- Your doctor should do blood tests to check your triglyceride and cholesterol levels during treatment with LOVAZA.
- If you have liver disease, your doctor should do blood tests to check your liver function during treatment with LOVAZA.

#### What are the possible side effects of LOVAZA?

The most common side effects with LOVAZA are burping, upset stomach and a change in your sense of taste.

LOVAZA may affect certain blood tests. It may change:

- one of the tests to check liver function (ALT)
- one of the tests to measure cholesterol levels (LDL-C)

Talk to your doctor if you have side effects that bother you or that will not go away.

These are not all the side effects with LOVAZA. For more information, ask your doctor or pharmacist.

#### What are the ingredients in LOVAZA?

Active Ingredient:  
Omega-3-acid ethyl esters  
Inactive Ingredients: Gelatin, glycerol, purified water, alpha-tocopherol (in soybean oil)

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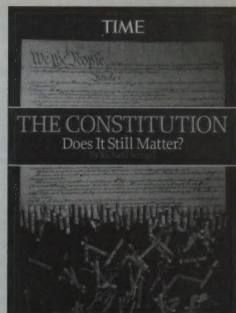
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In a new ebook, Richard Stengel, managing editor of TIME magazine and past CEO of the National Constitution Center, seeks to answer the question:  
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— npr

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versatile and accessible  
singers in pop."  
— the new york times

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for today's america."  
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new times

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- 

Estimated number of individuals in an uncontacted tribe in the Amazon, whose existence was recently confirmed by the Brazilian government





Briefing

# LightBox

## Skins of green

A series of "Supertrees" 82 to 164 ft. (25 to 50 m) tall rises along Singapore's waterfront. The vertical gardens, which are being constructed of concrete and metal, contain plants from around the globe.

PHOTO: MICHAEL J. GRIFFIN

For the best photos of the week, visit [lightbox.time.com](http://lightbox.time.com)





# World

## Austerity Measures Pass While Anger Erupts

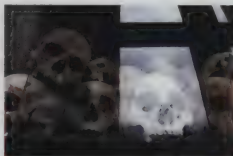
**GREECE** As riots and protests raged outside, the Greek Parliament passed a contentious set of austerity measures that allow the debt-ridden country a fresh set of loans to stave off default. But for many Greeks, the price of survival seems too steep: the austerity package, mandated by European bankers in order to prevent a regional crisis, involves tax increases, wage cuts and the forced privatization of billions of dollars' worth of public utilities. Before the vote, unions staged a 48-hour general strike, which effectively shut down the country.



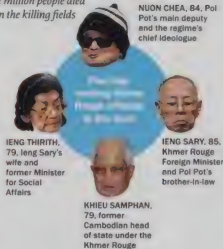
Flames in central Athens as protesters, including far-left anarchists, clashed with police

## A Court Convenes, But Justice Is Far Away

**CAMBODIA** The war-crimes trial of four top Khmer Rouge officials by a U.N.-backed tribunal began in Phnom Penh. Doddering and infirm, the four stand accused of genocide and crimes against humanity. The Khmer Rouge, led by the murderous Pol Pot, killed 2 million Cambodians from 1975 to 1979. The trial, though, has been hampered by months of complications, not least the meddling of the Cambodian government, which counts former Khmer Rouge cadres in its ranks.



An estimated 2 million people died in the killing fields



NUON CHEA, 64, Pol Pot's main deputy and the regime's chief ideologue

IENG THIRITH, 79, Ieng Sary's wife and former Minister for Social Affairs

IENG SARY, 85, Khmer Rouge Foreign Minister and Pol Pot's brother-in-law

KHIEU SAMPHAN, 79, former Cambodian head of state under the Khmer Rouge

## Threats and Terrors

**SUDAN** Ethnic violence has now raged for over two weeks in South Kordofan, a state north of Sudan's border with newly formed South Sudan. As refugees flee, the northern regime has demanded that U.N. forces leave by July 9. Earlier, troops loyal to Khartoum forcibly removed 7,000 civilians taking shelter in a U.N. compound—their fate is unknown—and allegedly lined up peacekeepers in a mock firing squad.

## Hotel Raid Adds to Woes

**AFGHANISTAN** Kabul's International Hotel came under attack June 28 by Taliban gunmen who stole into its heavily fortified compound, leading to a stand-off ended only by the intervention of NATO helicopters and Afghan forces. All nine of the attackers and 12 others in the hotel were killed in the skirmish. That the Taliban could strike so well defended a site—a popular stop for foreigners—deepens concerns over what may happen as the U.S. and its allies scale back the troop presence.

## World by the Numbers

### \$2.3 million

U.S. The winning bid for the only authenticated portrait of Billy the Kid, which was sold at auction in Denver

### 4 million

BRAZIL Attendance, estimated by organizers, at the world's largest gay pride parade on June 26 in São Paulo

### 5,000

U.K. Number of schools in England and Wales affected by a teachers' strike

### 190 m.p.h.

CHINA Top speed of the new Beijing-to-Shanghai high-speed train, which officially opened to the public July 1

### 60,000

SWAZILAND Approximate number of people who may die when hospitals run out of antiretroviral AIDS drugs in two months

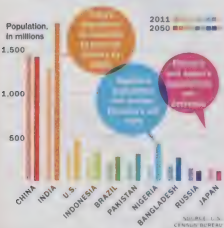


## Pride of Place

**U.S.** Two men dance in the street during New York City's gay-pride parade on June 26. The march was part of Pride Week, a worldwide celebration of gay rights and diversity in cities from San Francisco to Toronto to Berlin. Gay New Yorkers had another reason to cheer: two days earlier, the state became the largest in the U.S. to grant legal recognition to same-sex marriages.

## The World in 2050: Expect Big Population Shifts

**U.S.** The Census Bureau released its projections of what the world's population will look like in 2050. Slumping fertility rates in countries like Russia will lead to a 21% decline in population there, while Ethiopia's may triple in the next four decades. India's will surpass China's by 2025.



## Lady, You Can't Meet The Lady

**BURMA** American actress Michelle Yeoh was detained after landing at Rangoon airport and summarily deported by authorities. The Hollywood star was due to call on pro-democracy leader Aung San Suu Kyi, whom Yeoh is playing in a biopic about the Nobel laureate's life. The two had dined in Rangoon in December after Suu Kyi was released following 15 years under house arrest. Yeoh's deportation is one more sign of the ruling junta's fear of truly opening up the pariah state.



Libyan rebels mourn during a funeral in Benghazi

## Drawing Lines Around a Dictator

**LIBYA** The International Criminal Court issued arrest warrants for embattled Libyan leader Muammar Gaddafi, his son and his military-intelligence chief for ordering soldiers to fire on unarmed protesters. But some worry that by cutting off his lines of retreat, the ICC may renew Gaddafi's resolve to continue fighting.

# Nation



## The Big Questions

By Mark Halperin

### How does same-sex marriage play as a political issue now?

As Americans move inexorably toward greater tolerance for gay marriage, the issue's electoral potency has diminished. The canary in the coal mine was the reaction to the 2009 decision by the Iowa Supreme Court to legalize gay marriage: some justices lost their jobs, but public response in the heartland state was mostly muted. The New York legislature's recent action, with its blast of positive attention, could lead other states to endorse the practice rather than induce a backlash.

### Has the Republican Party changed on the issue?

Some Bush alumni (Dick Cheney, former Bush campaign manager Ken Mehlman) publicly support legalization, but theirs is still very much a minority view at the grass roots. In fact, Jon Huntsman's backing of limited civil unions is seen as a barrier to his winning the GOP nomination. Still, few



Republican candidates or strategists are likely to push the issue in 2012, because they believe the best way to beat Barack Obama is to sidestep social issues and focus on jobs and the economy. Also, some prized and rapidly growing demographic groups, including younger and unmarried voters, are turned off by opposition to same-sex unions.

### So why does Obama seem ambivalent about his stated opposition to gay marriage?

Many observers believe that the President privately supports gay marriage but feels locked into publicly opposing it until the public's attitude shifts more dramatically. Obama has acknowledged that his stance is "evolving" but so far has dodged opportunities to change it. Many gays and lesbians have expressed grave disappointment with the President—a sentiment that would switch to elation if he were to announce a shift in his position before Election Day.

NUMBER

# 53

Seasons the Dodgers baseball team completed in Los Angeles before filing for Chapter 11 bankruptcy on June 27



ILLINOIS

### A Verdict in Chicago

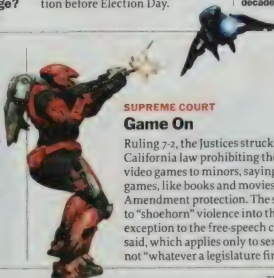
"I, frankly, am stunned," said former governor Rod Blagojevich after being convicted on 17 of 20 corruption-related charges in Chicago on June 27. Few others seem surprised. Blagojevich brought a new dimension to political graft when, among other things, he tried to swap Barack Obama's Senate seat for personal gain in 2008. His first trial deadlocked in 2010; this time the jury reached its verdict in 10 days. He could face decades in prison.



NORTH DAKOTA

### Another Record Flood

The Souris River displaced one-third of the residents of Minot (pop. 36,000), its level breaking a 130-year-old record; 4,000 homes were damaged, about 800 inundated.



### SUPREME COURT Game On

Ruling 7-2, the Justices struck down a California law prohibiting the sale of violent video games to minors, saying that the games, like books and movies, have First Amendment protection. The state had tried to "shoe-horn" violence into the obscenity exception to the free-speech clause, the court said, which applies only to sexual content, not "whatever a legislature finds shocking."





# Economy

## High Flyers Corporate-jet travel to hot vacation spots is on the rise

In this shaky economy, many big corporations say they aren't ready to shell out the cash needed to create U.S. jobs. But that hasn't held them back from splashing out on their private jets. After a steep drop-off post-financial crisis as corporations cut back, business-jet travel ticked up 6.2% last year. And many of those trips were to ritzy resort destinations. It's not unusual for business to be conducted in swank resort towns, but the steady stream of some companies' employees to top vacation spots is raising eyebrows about the cost. The priciest destinations? Jaunts to Indonesia's and Australia's coastlines cost roughly \$50,000 apiece. —ROYA WOLVERSON

Corporations  
spent big  
to fly to resort  
destinations  
in 2010

**\$48,000**  
CORNING  
To Nantucket,  
Mass.

**\$81,000**  
DISNEY  
To Naples, Fla.

**\$136,000**  
BANK OF AMERICA  
To West Palm Beach, Fla.

**\$170,000**  
HEWLETT-PACKARD  
To Honolulu, Hawaii

**\$273,000**  
CLEVELAND BROWNS  
To East Hampton, N.Y.

These destinations  
are attracting more and  
more executives

Total flights in 2010  
and change from  
previous year

**3,321**

NAPA  
Up 10%

**70%**

KAHULUI  
Up 5%

EAST  
HAMPTON  
Up 21%

**1,582**

NANTUCKET  
Up 11%

**3,683**

**19,501**

WEST PALM BEACH  
Up 7%

Sources: Wall Street Journal; Federal Aviation Administration

### INVESTING

**Credit Check**  
Rating agencies  
are worried  
about U.S. debt

**\$100  
billion**

Estimate of how much holders of  
U.S. debt would lose if the country's  
credit rating dropped

Source: Standard & Poor's

### MONEY

**Digital Deflation**  
How an online  
currency stacks  
up to the dollar

Since the financial crisis, many economists have been calling for the creation of a new global reserve currency to replace the dollar. To gauge how such a system might work, some have been tracking the progress of Bitcoin, a virtual currency, which makes it possible to buy and sell online anonymously. Bitcoins were devised in 2009 by pseudonymous programmer Satoshi Nakamoto and have gained a following among techies. For economists, the lure is that the tender is not run by a government or central bank. No quantitative easing here. The number of Bitcoins increases at a constant rate, much as legendary economist Milton Friedman prescribed for a stable currency. But in mid-June, Bitcoin took a hit. The virtual currency plunged in value after a hacker nearly stole \$9 million of the digital money. The exchange rate had reached \$30 per Bitcoin, up from \$5 earlier in the year. After the hack, the value dove to a penny but has rebounded to \$16. The dollar, on the other hand, despite the tsunami in Japan, unrest in the Middle East and continued high unemployment, has dropped just 5¢ vs. the euro this year. So much for virtual-currency experiments and the quest to replace the greenback.

—STEPHEN GANDEL

# GECKONOMICS



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# Health&Science

## PALEONTOLOGY Just like Us!

Using 150 million-year-old fossils of teeth, scientists have calculated dinosaurs' body temperature for the first time: about 98°F (37°C), close to that of humans. That's slightly lower than researchers expected given the animals' size, so experts are now exploring whether dinosaurs cooled down by such means as air-sac systems or even through the skin on their long necks and tails.

—ALICE PARK



**BIRDS**  
**105°F (40°C)**  
Their smaller size allows birds to operate at higher temperatures to keep warm.



**CROCODILES**  
**86°-91°F (30°-33°C)**  
These cold-blooded reptiles take in heat from their surroundings.

## GENETICS Spit Take



Dead men don't tell lies, not even about their age. In a breakthrough for forensics, researchers can now determine age to within five years from DNA in saliva. The technique measures epigenetic changes caused by environmental factors such as diet, stress and toxins, which build up in almost chronological fashion on the genome. —A.P.

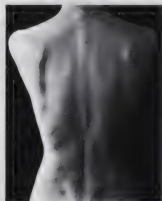
## DIET

# 25%

Percentage of daily calories that the average American consumes in snacks. Beverages account for half of the 580 calories we graze on every day outside of meals.



## Healthy Weight? Why being lean may raise heart and diabetes risks



Being overweight isn't good for your health, but being thin doesn't necessarily mean you're off the hook for illnesses like diabetes or heart disease.

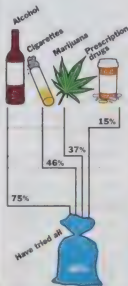
According to a new study by an international group of researchers, lean-looking people who had a specific variant of a gene that regulates where and how much body fat is stored also had higher levels of cholesterol and sugar in the blood—which can increase the risk of heart disease and Type 2 diabetes—than people with a different form of the gene.

It's all about the kind of fat you store in your body. Those in the study with the lean gene did not have much fat under the skin, the more visible kind that most people have. Rather, they stored it deeper in the body, in tissues like muscle and within organs like the liver. There's a growing body of research that suggests that so-called visceral fat can be more dangerous to your health than fat deposited just beneath the skin. While subcutaneous fat is largely inert, visceral fat cells secrete agents that can impair your body's ability to break down glucose from food and can boost levels of unhealthy fats in your blood.

It's a reminder that even people who look lean may be at risk for heart disease and diabetes, so it's important to get regular blood tests to check your cholesterol, triglyceride and glucose levels. Good health is more than skin deep. —A.P.

## DRUGS Teenage Wasteland

A new report on alcohol, tobacco and drug use shows what substances teens are using and how widespread the problem is:



# Milestones



## DIED Peter Falk

Sure, he was famous as Lieutenant Columbo (no first name), the grizzled police detective who taught 35 years' worth of snooty killers that however crafty they thought they were, he was smarter. Every encounter on *Columbo*—which began with the 1968 TV movie *Prescription: Murder* and kept going until 2003—was a class struggle, played as a comedy of manners and won by the wily proletarian. But Peter Falk, who died June 23 at 83 in Beverly Hills, Calif., was also an important, endearing figure in American films. In mainstream fare like *The In-Laws* and in John Cassavetes' indie psychodramas *Husbands* and *A Woman Under the Influence*, he personified the heroic mensch: the best of us on our worst day.

Sporting a glass eye because of a childhood disease, Falk got a master's in public administration from Syracuse before hitting Broadway and the infant TV medium in the '50s. He rose from playing comic gangster underlings to star status thanks in part to Neil Simon plays (*The Prisoner of Second Avenue*) and movies (*The Cheap Detective*). But Falk may be most cherished for two 1987 supporting roles: the gruff ex-angel in Wim Wenders' *Wings of Desire* and the fable-telling grandpa in *The Princess Bride*. Even today, we'd love to hear just one more thing from Peter Falk. —RICHARD CORLISS

## DIED Randall Adams By Errol Morris

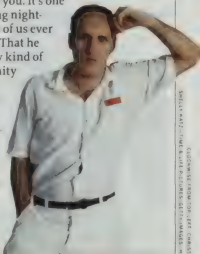


When I first met Randall Adams—who died last October at 61 but whose death was first widely reported on June 24—he was just another inmate. I was interviewing people on death row, and he told me he was innocent of the murder of a Dallas police officer. There was no particular reason to believe him, yet very early on, I began to develop suspicions about

whether they had gotten the right man. I became involved in an investigation of the case that went on for more than two years. At the end of the filming of my movie *The Thin Blue Line*, David Harris, another inmate, confessed that he was responsible.

Randall's case is not the first story about an innocent man sentenced to death, but it is a watershed case. It should serve as an example of how justice can readily be turned into terrible injustice. If anything is to be remembered about this case, it's that he so easily could have been executed. The fact that he wasn't was luck. It's hard to imagine what it means to be sentenced to death for a crime you didn't commit, to keep saying you're innocent, and people don't believe you. It's one of those true, waking nightmares that very few of us ever have to experience. That he was able to keep any kind of equanimity and sanity through all of it is quite remarkable in and of itself.

Morris is an Academy Award-winning documentary filmmaker whose films include *The Thin Blue Line* and *The Fog of War*



**SIGNED**  
The Marriage Equality Act, by New York Governor Andrew Cuomo, on June 24, making New York the largest state to recognize same-sex marriages.

**SETTLED**  
By Bank of America, the biggest case yet from the 2008 financial crisis: the bank set aside \$14 billion to pay purchasers of bad mortgage securities.

**DIED**  
Norma Lyon, 81, known as the Butter-Cow Lady for her sculptures made of grade-AA

salted butter: her subjects, ranging from the Last Supper to President Obama to a 500-lb. (230 kg) life-size cow, were among the most popular attractions at the Iowa State Fair.

**FILED**  
The Los Angeles Dodgers, for bankruptcy: owner Frank McCourt is fighting Major League Baseball—and his ex-wife—for control of the team.

**DIED**  
Nick Charles, 64, CNN's first sports anchor: Charles, who began on the network's first day in 1980, covered nearly every major sporting event over his 30-year career.

**DIED**  
George White, 90, architect of the Capitol from 1971 to 1995: White oversaw the reconstruction of the Old Senate Chambers and the Old Supreme Court.

# Fareed Zakaria



## It's All Greek to U.S.

The government in Athens faces huge problems. Ours are manageable

**A**S EUROPE CONFRONTS ANOTHER act in its Greek drama, many are watching and wondering, Is the U.S. next? Could our debt-ceiling debate be the beginning of a crisis that makes the world lose faith in American credit? Anything could happen, but it's worth noting the big differences between Greece and the U.S.

Greece faces three problems. First, it has an uncompetitive economy that cannot generate growth. Its labor is too expensive, it exports few products, and its people are not rich enough to power an expansion. This is not a recent problem. Greece has never been an economic dynamo.

Greece also has a long history of borrowing too much and being unable to pay its debts. Over the past 179 years, it has been in default about 50% of the time. Its debts are huge and could not be paid under any plausible scenario. Finally, because it is part of the euro zone, Greece does not have control over its currency, which means it cannot make its goods cheaper on world markets.

**The U.S., by contrast, remains one of** the world's most competitive economies. It is home to the leading companies in the most advanced industries, houses the largest capital markets and continues to spawn new companies and, indeed, whole new industries. It exports everything from aircraft to entertainment to health care products around the world. Its demographics are strikingly healthy: it will be the only rich country in the world to actually increase its population over the next 30 years—which means more young workers, producers, entrepreneurs and taxpayers. It also has control over its currency. Finally, America's credit history is impeccable.

The U.S. has never defaulted on its debt.

Greece faces a set of terrible choices. In order to get more funds to pay its loans and bills, it needs to make draconian spending cuts and tax increases that will surely choke economic growth. The situation in the U.S. could not be more different. The solutions to America's deficit problems are relatively straightforward, almost simple.

Take a few examples. If Congress were to enact the recommendations of the

either spending cuts alone or tax increases alone. (Spending on Social Security, Medicare and Medicaid is set to rise from 10% of GDP now to 15% by 2030. That is simply unsustainable.) And yet the two parties seem stuck in adolescent fantasies, one ruling out tax increases, the other ruling out any serious cuts in entitlement spending. Sure, in a country of 312 million, people will disagree. But on the deficit, the disagreement is not a theological one. Debates over money are always amenable to compromise. You can split the difference!

### The world has not lost faith in the U.S.

economy. People lend America money more cheaply than they do any other country. Our stock markets remain

strong. Our companies continue to thrive. But as you watch the dangerous game of chicken in Washington, it is easy to conclude that the U.S. has lost a serious governing class and has become a place where ideology and talk-radio rhetoric have replaced the business of governance. That Republicans would consider playing games with America's creditworthiness is not simply terrible public policy but also, as Richard Stengel pointed out in the previous issue of *TIME*, almost certainly

unconstitutional.

Right now, we could actually learn something from Greece. The current Greek government has faced up to its problems and initiated a series of spending cuts and tax increases and the sale of state-owned assets. What it has proposed dwarfs anything contemplated in the U.S. And the Greek government has made the case to its people patiently and persistently, not pandering to populist sentiment—despite mobs rioting in the streets. It has also set about enacting a longer-term program to make the economy more competitive.

In this respect, America is not like Greece at all, alas.



Simpson-Bowles commission, it would reduce the deficit by \$3.8 trillion over 10 years. By 2015, the U.S. would have a deficit that was 2.2% of GDP, among the lowest of the world's major economies. Were Congress to do nothing and let the Bush tax cuts expire and return rates to what they were during the Clinton era, that would generate an estimated \$3.6 trillion in tax revenue over the next decade, largely solving the short-term deficit problem.

The great truth facing the U.S. is not that we lack solutions to our problems but that our political system seems unable to do anything. With a deficit as large as the one we face, it should be clear that we cannot sort things out through



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# Mike Murphy



## The Bachmann Boomlet. How Michele Bachmann's sudden charge is shaking up the GOP race

**L**AST WEEK'S DES MOINES REGISTER poll tells us—assuming nothing actually happens in Iowa over the next six months—that about 22% of the 125,000 or so Hawkeyes most likely to show up for next year's Republican caucus will do so intending to vote for Minnesota Congresswoman Michele Bachmann.

The Bachmann Express is the first big surge by a fresh face in the 2012 Republican-primary sweepstakes. Reporters have dropped their obsession with Sarah Palin and scampered in Bachmann's direction like dogs ditching chewed-up bones for a fresh slice of porterhouse. Liberals already nervous about the President's failures on the economy and his cynical wiggling on gay marriage now curse at a new villain on their television screens, secretly hoping Tina Fey does something and quick, because this new GOP bogeywoman seems far more polished, and therefore more worrisome, than Palin ever was. GOP professionals curse under their breath and reach for another Excedrin. Damn, they say, what is it about our party base and hopelessly unelectable women in snappy outfits?

**Meanwhile, poor Tim Pawlenty thumbs** through the St. Paul Yellow Pages looking for a discreet therapist. For years, Bachmann sat howling on the noisy backbenches in the Minnesota senate while Pawlenty became the Sun King of state Republican power. Now Bachmann is the new Queen of Iowa, and Pawlenty, at 6% in the *Register* poll, cannot get arrested. That and a slew of bad press reviews after his New Hampshire debate performance have put his fundraising prospects in peril.

What to make of all this? For starters, a Bachmann candidacy is catnip for the

social-conservative wing of the GOP. It's been waiting for a true believer, and unless Texas Governor Rick Perry decides to jump in late, Bachmann can grab a sizable piece of the GOP base, especially in Iowa and South Carolina. Her narrative of a tax lawyer turned antigovernment crusader is the perfect Tea Party rewrite of *Mr. Smith Goes to Washington*.

Already, the Bachmann boomlet has reset the expectations game in Iowa. The odds on Palin's jumping into the race lengthen once again. With Pawlenty fighting to survive in Iowa, Jon Huntsman has an easier shot at breaking through in New Hampshire. The Huntsman hype machine must switch from selling the idea of his candidacy to reporters to selling the man himself to real voters. Without stronger New Hampshire poll numbers in the fall, the only precinct Huntsman is likely to carry will be the *Morning Joe* roundtable. The hopeful news for both Pawlenty and Huntsman is that for most primary voters, the campaign has yet to begin.

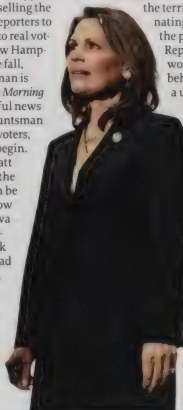
Finally, the billion-watt electron microscopes of the national media will soon be trained on Bachmann now that she's the Official Iowa Front Runner. I'll bet dollars to Minnesota lutefisk that despite her new squad of professional handlers, we are in for more of Bachmann's factual fumbles. Her latest mix-up, confusing beloved American icon John Wayne with serial killer John Wayne Gacy, hints that Michele's next moves on the

national stage may receive more than a few boos and flying vegetables from the voting public. While media criticism of her factually erroneous rhetoric will only help her with her populist base, what is gold for America's comedians is a 500-ton lead sinker for any candidate trying to build enough partywide support to actually win the Republican nomination.

**This is why the uncontrolled giggling** you hear coming from behind the big blue curtain is from Mitt Romney, who must be delirious with joy. For Romney, a two-way contest with Bachmann is a strategic dream come true. (Disclaimer: I worked for Romney in 2002.) It would draw attention and money away from his two real rivals, Huntsman and Pawlenty, and give him a simple race against a candidate who would remove much of the ambivalence many big-league Republicans still harbor about him. Make no mistake: faced with the terrifying prospect of nominating Bachmann and handing the presidency to Obama, the Republican establishment would rally hard and fast behind Romney. And while a unified Republican establishment in full combat mode cannot compete with the Tea Party when it comes to making cardboard Uncle Sam hats, GOP Inc. can easily crush a candidate like Bachmann over the full series of primaries.

But for now, front runner Romney is more than happy to lie low and let Bachmann eclipse the rest of the GOP field. For now, Michele Bachmann is the change Mitt Romney's been waiting for. ■

Murphy is a Republican consultant





WORLD

# Day of the Dead. The drug war is



# Mexico's tragedy

NOW ITS SURVIVORS ARE FIGHTING BACK

BY TIM PADGETT/DURANGO

#### Mourners

The family of a murdered police officer at his funeral in the border city of Juárez

**'You will hear the voice of my memories stronger than the voice of my death—that is, if death ever had a voice.'**

—JUAN RULFO, *PEDRO PÁRAMO*

THIS IS HOW MEXICAN INVESTIGATORS believe gangsters murdered business student Juan Francisco Sicilia: Two of his friends had been assaulted in Cuernavaca, south of Mexico City, by a pair of policemen moonlighting as muggers for the Pacifico Sur drug cartel. The friends reported the criminal cops, who panicked and asked their mafia bosses for help. On March 27, eight Pacifico Sur thugs, including a crazed psychopath called El Pelón (Baldy), abducted the two accusers, as well as Juan Francisco and four other buddies, from a bar. They were bound with packing tape, tortured in a safe house and suffocated to death. Their bodies were found the next day outside the city.

Both the cops and the killers likely expected the massacre to go unnoticed: in Mexico, gangland homicides have claimed nearly 40,000 lives in the past five years, up from less than 7,000 from 2001 to 2005. But Juan Francisco was not destined to be a statistic. He was the son of Javier Sicilia, one of the nation's best-known authors and poets, who has turned the young man's murder into a national movement of outrage over the unchecked violence of drug cartels, known as *los narcos*, and the government's inability to put an end to their reign of terror.

With the rallying cry "*¡Estamos hasta la madre!*" (a Mexican colloquialism that means "We've had it up to here!"), Sicilia has helped organize large protest marches in Cuernavaca, Mexico City and more than 30 other towns. In June he led a bus caravan to the border city of Juárez, where 3,200 were killed last year—a murder rate of more than 200 per 100,000 residents, which makes it the most dangerous city not just in Mexico but the world—and where hundreds of families met Sicilia holding pictures of slain relatives.

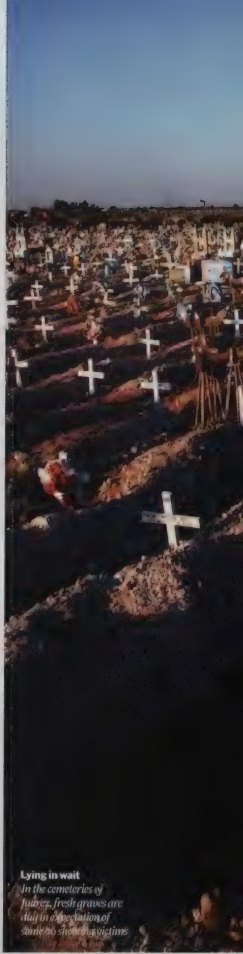
Sicilia has at least achieved some poignant literary symbolism. In one of

Mexico's most celebrated novels, *Pedro Páramo* by Juan Rulfo, the victims of murder clamor for rule of law in their lawless land, and the poet hears those voices now. "We're finally articulating names for the drug war's dead," Sicilia tells me. "We're letting their voices rise above ours and be more than just numbers and abstractions in this demoniacal tragedy."

Mexico's national horror story is often told as a gangster epic full of lurid detail of the lives and deaths of drug kingpins. Or it's reduced to dry figures: the cartels make \$30 billion a year, equal to the economy of a midsize Central American nation, moving marijuana, cocaine, heroin and methamphetamine into the U.S. At home they earn extra from activities like kidnapping, a crime that's up 317% in Mexico since 2005. Protests led by a bereaved poet are giving the tragedy a human face, as are the heroic acts of civilians like teacher Martha Rivera, who in late May became an Internet star because of a YouTube video showing her calming her kindergarten class as hit men executed five people with assault rifles outside her school in the northern city of Monterrey.

For 22 years, I've covered the rise of Mexico's drug gangs, charting their evolution from trafficking mules for Colombian cartels to the dominant players of the narcotics trade in the western hemisphere. They've morphed from mafiosi who once killed only one another—I remember the national trauma when a Roman Catholic cardinal was caught in their cross fire in 1993—into monsters who routinely slaughter innocents. Last August, Los Zetas, a bloodthirsty gang led by former army commandos, executed 72 migrant workers on a ranch in northern Tamaulipas state just because they couldn't pay the extortion money the gangsters demanded.

The violence is so pervasive, so constant, that only the most egregious episodes remain in the memory. Like last year's massacre of 15 teenagers at a Juárez party by narcos who mistook them for rivals. Or the eight people killed in 2008, when thugs tossed grenades into a crowd celebrating Mexico's independence day in western Michoacán, President Felipe Calderón's home state. Or what happened in 2009 after Mexican marines killed drug lord Arturo Beltrán Leyva: his gunmen went to southern Tabasco state, to the



**Lying in wait**  
In the cemeteries of Juárez, fresh graves are dug in expectation of some poor shooting victims.





funeral of a marine killed in the shoot-out, and gunned down the man's mother and three relatives.

On June 23, Calderón started a formal dialogue with victims' groups designed to lead to the kind of police, judicial and social reforms Mexico desperately needs. Inside Mexico City's Chapultepec Castle, Sicilia and Calderón butted heads, but they know they are in this together. "I join your outcry," said Calderón. "I'm willing to make changes."

### **A Criminal Insurgency**

IT HAS BEEN MORE THAN FOUR YEARS since Calderón started a military campaign against spiraling drug savagery, backed by a \$1.5 billion pledge of U.S. aid. The cartels—there are at least six major gangs and several smaller outfits—reacted by unleashing a wave of violence, fighting for turf. Calderón insists this shows the gangs are rattled, but his critics say his strategy has often made matters worse. Drug lords are now engaged in an arms race, firing everything from assault rifles to rocket-propelled grenades at the army, police, rival gangsters and any civilians who get in their way. The military has scored some victories, taking out the leaders of a few cartels, but even those successes usually spawn new, more vicious power struggles. The carnage now threatens the fledgling democracy and growing economy of one of the U.S.'s most important trade and security partners. Secretary of State Hillary Rodham Clinton has gone so far as to describe the cartels as a criminal "insurgency" that seeks not to overthrow the Mexican government but rather to keep it under its blood-soaked thumb.

The U.S. helped create this beast. According to the White House Office of National Drug Control Policy, Americans consume \$65 billion worth of illegal drugs annually, roughly what they spend on higher education, and most of those drugs are either produced in Mexico or transit through it. The U.S. is also a primary source of the weapons the cartels use to unleash their mayhem: the Bureau of Alcohol, Tobacco, Firearms and Explosives estimates that 70% of the guns seized in Mexico in the past two years were smuggled from north of the border. "The current flow of weapons," Mexico's



ambassador to the U.S., Arturo Sarukhán, charged last year, "provides the drug syndicates with their firepower."

Calderón's war against the cartels may have been poorly thought through, but a succession of U.S. Presidents has pursued equally ineffectual policies. Since President Richard Nixon declared a "war on drugs" 40 years ago this summer, Washington has opted for a sweeping policy of incarcerating drug offenders at home and eradicating drug sources abroad. The Obama Administration has begun to balance law enforcement with more drug-rehab-oriented policies that reduce demand, but it dismisses the recent suggestion of several Latin American leaders to legalize arguably less harmful drugs like marijuana. Such a move might put a serious crimp in drug-cartel finances, but the White House says it would "make it harder to keep our communities healthy and safe." However the legalization debate goes, the U.S. could at the very least do more to help Mexico develop modern investigative police forces in addition to sending high-tech helicopters to Calderón's army.

Mexicans don't hold out much hope for constructive help from their northern neighbor. They realize that making their communities safe again means pressuring their politicians to get serious on once about the rule of law—about ensuring that powerful criminals and the officials who protect them are brought to justice

in a timely way in a legal system that has a broad measure of public confidence. That is far from the case now. The corruption watchdog Transparency International estimates that Mexicans paid \$2.75 billion in bribes to police and other officials last year. Meanwhile, 95% of violent crimes in Mexico go unsolved.

There are plenty of examples of governments that have driven out, or at least greatly diminished, once dominant criminal gangs. Perhaps the most appropriate example is Colombia, where powerful cartels have been cut down in the past two decades thanks largely to the professionalization of the police and judiciary. Calderón himself knows his military campaign is not enough. In May he repeated his long-term goal of "judicial institutions that Mexico has too long lacked and without which the advance of criminals is understandable—and a future for Mexico is incomprehensible."

But the time for lofty rhetoric is long past. Measured in lives claimed, the level of violence in Mexico now surpasses that in Afghanistan or Pakistan. And the drug lords are engaged in a macabre competition to ratchet up the gore. Groups like the Zetas are fond of posting Internet videos of the prolonged torture and murder of their enemies. One top investigator tells me that the cartels wage bidding wars for the services of the best butchers and surgeons to perform beheadings of murdered rivals. The craniums are tri-

umphantly displayed in town plazas like Halloween decorations.

Drug thugs killed by their competitors are easily replaced. In a country where most workers earn less than \$10 a day, the cartels have little difficulty recruiting new legions. The Chihuahua state attorney general estimates that close to 10,000 Mexicans work for drug cartels in Juárez alone, not least because even foot soldiers can earn hundreds of dollars a week as *sicarios*, or triggermen.

It isn't just the unemployed who get sucked into the war. If you have a pilot's license, for example, you're useful to a cartel, which makes you a target for rival gangs. A few years ago in Culiacán—the capital of northern Sinaloa state, the cradle of Mexican drug trafficking—I arrived at the scene of the murder of pilot Manuel López, 29, just as paramedics loaded his bullet-riddled body into an ambulance. Gunmen had shredded him and his Jeep Sahara in front of his home and relatives—who told me, in tear-stained shock, that they had no idea he was airlifting drugs.

## A Slaughter of Innocents

I'VE SEEN TOO MANY SCENES LIKE THAT. But even the most hardened souls were shaken by the discovery in recent weeks of *fosas*, or mass graves, in several locations across northern Mexico. So far, close to 500 corpses have been recovered. Many were innocent victims, ordinary Mexi-



cans grabbed at roadblocks erected by gunmen who shake them down and then, in many cases, murder them. Perhaps most depressing of all is the fact that the culprits include policemen: 17 cops were recently arrested in connection with massacres in Tamaulipas. In fact, police in Mexico, who are usually miserably paid and poorly trained, often join up precisely because the force is a recruiting pool for the cartels.

Human-rights advocates say the *fosas* recall the killing fields of the Balkans in the 1990s or Central America in the 1980s. "I think the world should be as worried about what's happening here as they are about what's happening in North Africa," says Carlos García, president of the human-rights commission in the northern desert state of Durango, where seven mass graves have been found, many in middle-class neighborhoods or near schools. When I arrived with forensics officials last month at a newly located *fosa* in the eponymous state capital, I thought we'd gotten bad directions: the site was the backyard garden of a house in the upper-crust Jardines de Durango neighborhood. State officials wouldn't permit me a records search to identify the property's owner because they feared it could get them—and the records clerks—killed.

One of those buried in Durango may be Victor Camacho, or so his family believes. They're among some 350 families who've

come to the state attorney general's compound to offer DNA samples, hoping to identify a relative among the 238 corpses exhumed there so far. Camacho, a successful tortilla-restaurant owner in Torreón, northeast of Durango, was 39 when thugs nabbed him off the street in broad daylight three years ago, in front of his wife. Despite the fear that criminal spies known as *halcones*, or hawks, were listening in on us—"We don't know who's friend or enemy around here anymore," a Durango official says—Camacho's son Victor Jr., 24, wanted to talk. "Anybody can be caught in this now," he told me, "and we're tired of being quiet about it."

While Victor Jr.'s mother wept softly behind us, covering her nose from the stench of decomposing bodies arriving at refrigerated trailers nearby, he spoke of having to leave law school to support her and his two sisters after his father vanished. A fierce turf battle is raging in Torreón between the Zetas and Mexico's most powerful narco-group, the Sinaloa Cartel, led by Joaquín Guzmán, known as Chapo (Shorty). "Every part of your life is affected," said Victor Jr. "Economically, morally, physically, you live with a daily fear of losing your family, your livelihood, everything. And the authorities don't raise a hand."

#### Putting the Economy at Risk

MEXICAN AUTHORITIES ARE PREY THEMSELVES, sometimes because they are in the pay of a cartel, but sometimes because

**War-torn nation** From left: a Juárez street turns into a crime scene; police investigate bodies; a car shot up in a Juárez gun battle

they refuse to be co-opted. That seems to be the case with Minerva Bautista, who until last summer was the security director in Michoacán, which is also the base of a bizarre "narco-Evangelical" cartel, La Familia. After I interviewed Bautista in April 2010—she had just laid out stricter police recruitment guidelines in defiance of La Familia—I started to walk her to her car. A Mexican journalist gently stopped me. "She's a target now," he whispered. A few days later, Bautista's SUV was ambushed by gunmen who fired 2,700 high-caliber rounds at the vehicle. Miraculously, she survived; her two bodyguards were killed.

Despite the high-profile successes of Calderón's campaign—it has since killed or captured La Familia's top leaders, for example, including Nazario Moreno, a.k.a. El Mas Loco (The Craziest One), who wrote his own "bible"—most Mexicans feel abandoned by law enforcement in this conflict. Perhaps the most painful stop during Sicilia's recent bus caravan was the northern city of Chihuahua. Marisela Escobedo's 16-year-old daughter Rubi was murdered in 2008 by a member of the Zetas, Sergio Barraza. He confessed, but judges acquitted him for lack of convincing evidence, a chronic problem in Mexico. Critics said the judges feared reprisal. A

higher court convicted Barraza last year. By then, however, he was on the lam.

Infuriated, Escobedo stood vigil for weeks last year on the steps of the Chihuahua state government palace to protest. Just before Christmas, a gunman chased her down and shot her. The murder was caught on a security camera, but no one has been arrested. Escobedo's terrified family is seeking asylum in the U.S. "We want to be as courageous as Marisela," a relative, who asks not to be identified, tells me. "But how can we not feel that it gets you nothing in the end?"

Not surprisingly, this is all taking a political and economic as well as human toll. Mexico is far from being a failed state. Traditionally an inward-looking economy, it started to open to the world in the 1980s, signed the North American Free Trade Agreement in 1993, wrote trade pacts with 42 other countries and is now Latin America's biggest importer and exporter. After a sharp contraction following the financial crisis, it enjoyed one of the fastest economic recoveries among Latin American countries last year, growing 5.5%. Mexico is not a BRIC—the now ubiquitous acronym for top emerging markets Brazil, Russia, India and China, coined by Goldman Sachs economist Jim O'Neill. But it is part of O'Neill's latest catchy acronym, MIST, which brings together up-and-coming economies Mexico, Indonesia, South Korea and Turkey.

The unchecked violence could undermine all that. In Tamaulipas, the Zetas are, in effect, the law; they're the top suspects in last year's assassination of gubernatorial candidate Rodolfo Torre. In once-booming Juárez, from where thousands have fled across the Rio Grande to El Paso, Texas, the commercial tax base has shrunk 40% since 2008, and many business owners refuse to pay taxes since they already fork over extortion "tolls."

Drug violence also harrows Monterrey, long Mexico's business capital, where kindergarten teacher Rivera soothed her students amid gunfire and where victims have been found hanging from bridges and overpasses. Commuters in Monterrey can find themselves trapped between roadblocks during rush hour, at the mercy of gangsters who storm through the paralyzed traffic to steal money or cars at gunpoint.

## The Death Toll Rises

Drug-related murders in Mexico have jumped an alarming 760% since 2005



Source: Mexican government

The gangsters' impact on civil society is just as significant. Garish music and fashion celebrating the drug lords are popular. Almost 70 Mexican journalists have been murdered by the gangs since 2007—most recently Veracruz newspaper editor Miguel Ángel López, 55, gunned down with his wife and son on June 20. Many in the media now self-censor their drug coverage. The Catholic Church, too, has been linked to the cartels: Zetas leader Heriberto Lazcano, known as El Verdugo (the Executioner), funded construction of a chapel in his home state of Hidalgo, complete with his name on a bronze plaque.

## Solving the Problem of Impunity

CAN MEXICO PULL ITSELF OUT OF this living hell? Much depends on its ability to modernize the police and judicial system. As part of Calderón's reform package, federal and state courts are beginning to conduct oral trials, in which lawyers have to argue before the bench rather than simply push papers across a clerk's desk. It is hoped that the change will force police and prosecutors to improve their methods of gathering and presenting evidence. Mexico's Congress is considering Calderón's proposal to incorporate all the police into a more unified national network, similar to the one Colombia reconstituted to great effect in the 1990s. The belief is that a centralized police force will be better able to weed out corrupt members and ensure a coordinated offensive against the Hydra-

like cartels. In April lawmakers passed a bill granting new powers and resources for money-laundering investigations: it's aimed at the web of corrupt politicians and businessmen who abet the cartels. And in early June, Calderón pushed through a change in Mexico's criminal-appeals system that makes it harder for the accused to frivolously block or delay prosecutions.

The harder task is changing a culture that was centuries in the making. "Mexico's biggest problem," says Sicilia's lawyer, Julio Hernández, "is still the problem that leads to all its other problems: impunity." Mexico's lawlessness is often thought to be a legacy of the Spanish conquistadors, who were more interested in pillaging than policing and who left the country with the warped sense that law enforcement is a private rather than a public concern. That civic negligence was a boon for the drug mafias that emerged after World War II. Their brutality was regulated only by the venal, authoritarian Institutional Revolutionary Party (PRI), which ruled for 71 years and was the cartels' tacit partner. When Calderón's National Action Party toppled the PRI in 2000, the cartels splintered and embarked on an orgy of violence that spawned soulless killing machines.

Tackling them will take a sustained commitment by governments on both sides of the border. But for all the horror, there are some reasons for hope. The homicide rate in Juárez is down this year. And the military recently arrested Jesús "El Negro" Radilla, the alleged leader of the gang that murdered Juan Francisco Sicilia and his friends, Juan Bosco, the police director in Morelos state, which includes Cuernavaca, was also collared for his alleged ties to the Pacifico Sur cartel.

That is not enough for Javier Sicilia, who had hoped to watch his son receive a business degree this month. Known to readers for his Catholic mysticism, he has given up writing poetry. "They choked it out of me when they choked Juanelo," he tells me. He's thrown himself fully into his movement against the drug gangs. "I'm doing this," he says, "because I believe it's the dead who are going to lead Mexico to the light." If so, his son, and the countless others in pictures being held up across Mexico, will not have died in vain. ■



# The Way Forward

The U.S. won't change its nature but could change its policies

**S**INCE TIME IMMEMORIAL, MEXICANS have argued that were it not for U.S. demand for illicit substances, Mexico would have a manageable drug problem. More recently, we have also contended that absent the U.S.'s laxity on arms sales and its tolerance for the possession of extraordinarily dangerous weapons, the violence in our country would not be what it has become. Lately our leaders have added a new gripe: Americans are hypocrites because they support prohibitionist and costly drug-enforcement policies—yet, through the specious fallacy of medical marijuana, are legalizing drugs without saying so.

Needless to say, these three points are absolutely valid, true, irrefutable... and futile. They are the equivalent of believing that flowers and fruits would thrive in the desert if only it rained. They would, but it won't. Americans have not, and will not, reduce their overall consumption of drugs; they will not repeal the Second Amendment or reinstate the assault-weapons ban, which was introduced in 1994 and lapsed 10 years later; and the case against hypocrisy has always been overstated.

When Barack Obama met Mexican President Felipe Calderón recently, he is said to have told him that U.S. drug consumption has dropped over the past 40 years and that the U.S. jails more people for drug-related offenses than any other wealthy country, by far.

Unfortunately, on the second point, Obama was right. The first point is more debatable. After Richard Nixon declared a war on drugs in 1971, U.S. consumption jumped through the late '70s and dropped slightly in the early '80s. Since the mid-'90s, overall demand has remained constant.

On weapons, there are two problems in addition to futile Mexican posturing. First, firepower is fungible. Even granting that most arms used in Mexico come from the U.S. (in fact, only the traceable ones do), there is no reason to suppose that if they stopped moving south, other sources and suppliers would not fill the

void. Otherwise, the abundance of guns in countries from Brazil to Afghanistan would be inexplicable.

Most important, though, violence in Mexico did not increase when, in 2004, the assault-weapons ban expired and George W. Bush declined to resubmit it to Congress. (Obama hasn't either.) Willful homicide and every other form of crime had been diminishing in Mexico since the early 1990s and continued to do so until late 2007, precisely when Calderón's war on drugs went into high gear. As for medical marijuana, it is quite true that its use in most U.S. states



**Big catch** The Mexican army shows off a drug-trafficking suspect with his cash at the military headquarters in Tijuana

amounts to legalization without admitting it. There is nothing wrong with this, although full-fledged legalization of marijuana production, commerce and consumption would be better. But if U.S. society feels more comfortable with the hypocritical regulation of pot and other drugs, so be it. What is the point of Mexicans' lecturing Americans about this, other than scoring debating points?

In fact, the U.S. seems to be doing just fine with its current drug policies, cynical as they may be. Violent and property-related crimes are at their lowest levels in 40 years. The recession has not brought an increase in crime. So Mexico is not only barking up the wrong tree; mixing metaphors, it is also asking the U.S. to fix something that isn't broken. Perhaps an-

other Mexican approach and a different U.S. policy might be more productive.

What would such an approach and policy entail? First, it would mean that instead of the U.S. pouring money into Mexico's military-based drug war, there would be far greater funding for the construction of a single national police force, as in Chile or Colombia, in contrast to the present broken system in which the police are under the control of state and municipal governments. Taken seriously, such a policy would include U.S. trainers and advisers in Mexico—a risky proposition but one that many polls suggest Mexicans

would support. Next, the U.S. could give far greater assistance and technical help in building (finally—it has never existed) a functional justice system in Mexico, with oral trials, an independent prosecution structure and a federalization of the criminal code, a necessary corollary to a national police force.

Finally, such a policy would include a far more receptive attitude in Washington to the case for legalization. Just weeks ago, the Global Commission on Drug Policy restated its views: the war on drugs has failed and

cannot be won, and legalization should be seriously considered. Prominent Americans like Paul Volcker and George Shultz support that position; so do former U.N. Secretary-General Kofi Annan, together with ex-Presidents Fernando Henrique Cardoso, César Gaviria and Ernesto Zedillo, as well as Latin American celebrities like Mario Vargas Llosa and Carlos Fuentes. Wouldn't it be nice—as the Beach Boys once sang—if Obama paid attention to all of them, and to his predecessor Jimmy Carter, and looked at this option carefully instead of dismissing it out of hand? ■

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# Elizabethan Drama

The federal consumer-protection agency is about to open for business. Will the President fight to put Elizabeth Warren at its head?

BY MICHAEL CROWLEY

**H**ERE'S SOME GOOD NEWS FOR consumers who feel themselves trampled by soulless banking and credit giants: on July 21, a new consumer-protection agency will open its doors in Washington, with the mission of making everything from mortgage documents to credit statements fairer and easier to understand and generally giving the little guy more power against the financial corporate juggernauts.

Here's the bad news: it's not clear that President Obama will be able to appoint anyone to run it.

It's an unexpected twist to a larger Obama policy achievement that has been slowly unraveling in recent months. Last July, Obama signed a sweeping bill, passed by the Democratic Congress, that overhauled Washington's regulation of Wall Street banks and other financial-services companies whose greed and risk taking helped wreck the U.S. economy. The idea was to prevent another financial crisis through tighter rules and closer supervision. A year later, Obama is fighting off emboldened Republicans who—backed by Wall Street money and lobbyists—are trying to gut the measure. The battle is rag-

ing mostly out of public view, in the realm of regulators and budgetmakers.

But a more visible showdown is unfolding over what some advocates say is the best feature of the Wall Street reform bill: a new Consumer Financial Protection Bureau created to safeguard ordinary Americans from confusing, sneaky and downright dishonest tactics by the likes of banks, mortgage lenders and credit-card companies. Obama has hailed the office as "a new consumer watchdog with just one job: looking out for people—not big banks, not lenders, not investment houses... as they interact with the financial system."

Now the fate of that watchdog is in doubt. At the center of the fight is Elizabeth Warren, a strong-willed Harvard Law professor who has become the most celebrated consumer advocate since Ralph Nader. Warren's supporters—and there are many, especially on the activist left—argue that she's the obvious choice to run the new bureau. In part that's because it's her brainchild: it was Warren who asked in a 2007 essay why consumers were protected from buying appliances with unseen faulty wiring that could burn down their homes but not from hidden terms, fees and risks that could sink their finances. Obama picked

**Consumer advocate**

Warren is hoping to run the watchdog bureau she helped create



Photograph by Michele Asselin—Contour/Getty Images for TIME

up her idea for a consumer-protection bureau and campaigned on it in 2008, even before the financial crisis gave the concept some urgency.

But Obama has yet to appoint Warren to the top job, and Republicans have long made clear that they will oppose Warren's appointment if he does. In May, they upped their ante. In a letter to Obama, 44 Senate Republicans—enough to filibuster any Senate action—declared that they would oppose any nominee to run the bureau unless Obama agreed to changes in its structure and funding. Democrats say those changes would effectively neuter the bureau and hand the financial industry yet another victory over the little guy.

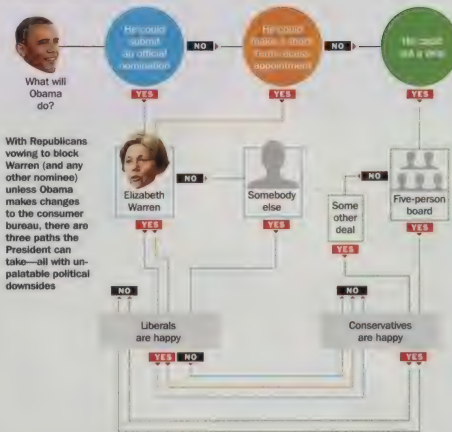
That leaves Obama with three options, none of them appealing. He can muscle Warren into a short-term recess appointment this summer, an act sure to enrage Republicans and prevent Warren from serving a full term. He can officially nominate her, or someone else, and hope a public-relations effort will force the GOP to capitulate. Or he can try to cut a deal to sacrifice Warren but save her agency, which would surely disappoint his already restive liberal supporters. (One progressive group has warned that such a deal would show "complete and utter weakness.") At the moment, no one is sure what he'll do. Including Warren.

### Too Candid for Washington?

"THERE IS NOTHING ABOUT WHAT THIS agency is doing that should be controversial," Warren says. During a 45-minute interview, conducted on the condition that only policy substance would be discussed, Warren explains that her only true enemy is the fine print on banking terms, loan applications and credit-card offers. "There are two things people ought to be able to ask" about financial products, she says. "Can I afford this thing? And is this the best deal I can get?" Warren says the new consumer bureau will make both of those questions easier to answer by requiring loan companies to explain their terms and conditions in shorter and simpler ways, perhaps reducing mortgage documents to standardized two-page forms. "Right now people drown in a sea of words that are theoretically disclosures, but they scream, 'Don't read me.' This is truly a world in which less is more," she explains.

It's a typically snappy assessment from a woman who, through platforms that include public speaking, blogging and *Daily Show* appearances (Jon Stewart once joked that he wanted to "make out"

## Deal or No Deal? The President's options for the bureau



with her), has become a celebrity for the Rachel Maddow-watching set. Nor does it hurt that the 62-year-old Warren, who teaches contract law at Harvard, is a former Sunday-school teacher who still has a trace of native Oklahoma twang in her voice, giving her an everywoman quality that belies her elite Ivy League perch. Nader has said Warren "combines rigorous scholarship, a superb sense of needed change and clear ways to communicate those needs to families and individuals around the country."

Those attributes, plus her presence at the bureau's creation (last September, Obama named Warren as a special Treasury Department adviser charged with helping get the bureau organized and launched), make her the natural and even necessary first choice to run it, Democrats say. "She's obviously uniquely well qualified," says Democratic Representative Carolyn Maloney of New York, one of Warren's boosters.

But plenty of CEOs find Warren grating and complain that she has unfairly demonized financial firms. The *Wall Street*

*Journal's* editorial page has branded her "Elizabeth III." Even her allies acknowledge that she can be a loose cannon, and she has openly accused big financial institutions of "tricking and trapping" consumers. ("I can't keep my mouth shut," Warren admitted to one interviewer last year.)

Perhaps fearful of being labeled sexists, Warren's opponents are careful not to personalize the dispute—and even offer flattering words for their nemesis. "She's smart and charming," says David Hirschmann of the U.S. Chamber of Commerce, which has fought tenaciously against the consumer bureau. The problem, argue Hirschmann and Republicans in Congress, is the office itself. The bureau will have a staff of several hundred, empowered to snoop around the books of big financial institutions like Wall Street banks. Critics say the office will have too much power and not enough oversight. The bureau's legal mandate to protect consumers from "fraud, deceptive or abusive acts and practices and from discrimination" is dangerously broad, they say, and is a recipe for overburdening



businesses. (The bureau is still establishing the exact scope of its authority but wants jurisdiction over consumer-finance companies like debt collectors and makers of prepaid debit cards.) Those critics also fret that the law makes the watchdog's decisions too hard to overrule, requiring a two-thirds vote from the 10-member Financial Stability Oversight Council. Democrats say no other regulator faces such an override.

In return for considering any potential nominees, then, Republican Senators are insisting that Obama agree to have the office run by a five-person board rather than one individual. They also want to change the fact that its budget will come directly from the Federal Reserve, where the bureau will be housed, giving Congress no purse-string power. Without budget oversight, "there's no accountability," says House Financial Services Committee chairman Spencer Bachus.

Democrats protest that a consumer advocate should have clear independence from the pressures of corporate lobbyists in Congress and that turning the bureau over to a five-member board would produce slow and diluted decisionmaking. Besides, Democratic Senator Tim Johnson recently noted, Republicans already had a chance to shape the original bill last year. "We should not re-legislate the bureau when it hasn't even had a chance to start doing its job," Johnson said in May.

## The Secret War

THOUGH ITS OUTCOME IS UNCERTAIN, the Warren fight is only a subplot in a larger battle over last year's Dodd-Frank financial-regulatory-reform bill. Named for its chief Democratic sponsors, Representative Barney Frank and former Senator Chris Dodd, it was a complex beast of a law that tackled everything from CEO pay to bank-capital requirements to rules governing exotic financial instruments like derivatives. But the bill punted myriad details to federal regulators, asking them to hammer out no less than 385 new rules. A year later, that rulemaking is far behind schedule, owing in part to corporate lobbyists swarming regulators. "You're seeing efforts by many Republicans to slow-walk implementation," says former Treasury Department official Michael Barr.

The quiet, rearguard action against Dodd-Frank has raised the symbolic stakes of the fight over Warren. Obama has to draw the line somewhere, liberals argue. But thus far, the White House has offered an uncertain response to the

GOP challenge. Some of Warren's backers think Obama's team has simply been kicking a hard problem down the road. "They have a lot of bad options," says one.

Compounding the problem is the Administration's internal divisions. Though Obama has long been an admirer of hers, Warren has never enjoyed enthusiastic support from other key figures, including Treasury Secretary Timothy Geithner, to whom Warren spoke bluntly in a 2009 hearing when she was the official watchdog of the TARP bailout program. ("People are angry," she told Geithner, because the Administration had not been tough enough with bailed-out bank chiefs.) And in a sign of how deep the influence of the big banks reaches, Obama's chief of staff, William Daley, has had to recuse himself from internal deliberations about Warren. Why? Because he's a former JPMorgan executive who reportedly opposed the consumer bureau's creation.

Obama has shown some signs of wanting a deal. The White House has approached several other candidates about the job—including former Michigan governor Jennifer Granholm and a top deputy of Warren's, Raj Date. That may suggest a hope that the GOP will be more amenable to a candidate other than Warren. But Warren's supporters doubt that Republicans will drop their insistence on changes to the consumer office regardless of who's tapped to run it. "It's time for President Obama to announce his intention to appoint Warren—whether Republicans like it or not," says Stephanie Taylor, co-founder of the Progressive Change Campaign Committee.

Taylor's group is urging Obama to take the provocative step of a recess appointment of Warren during one of the many weeks Congress will be away this summer. Presidents often employ the tactic of installing an appointee when Congress isn't around to block confirmation, but it's an inflammatory gambit. (And it comes with a downside: recess appointees can serve only until the end of the next session of

Congress. In this case, Warren could serve only to the end of 2012.) But liberals say Republicans have left Obama no choice. "You've got to do a recess appointment," says Frank, who has called the GOP's position "the worst abuse of the confirmation process I've ever seen."

Yet some liberals fret that the White House will back down. After all, Obama has recently tried to mend fences with Big Business. The White House may also be hesitant to further antagonize Wall Street donors as Obama gears up for his 2012 re-election campaign. "I think he should appoint her and have the fight. Some things are worth fighting for," Maloney says. But when asked whether Obama is under pressure from potential corporate supporters, she replies, "You'll have to ask the President," then adds, "What do you think?"

In recent weeks, another option for Warren has emerged. Democrats are hunting for a strong candidate to throw against Republican Senator Scott Brown, winner of that stunning 2010 Massachusetts special election, who must defend the seat in November 2012. Some party officials have approached Warren about taking on Brown, and she hasn't ruled out the possibility. The scenario could provide the White House with a face-saving way of avoiding a fight over Warren. "The President is considering a number of candidates for the position of director, but no decisions have been made," says White House spokeswoman Amy Brundage.

Warren won't speculate about her own fate—in part, she insists, because she doesn't know what Obama will do. But she reiterates that the notion of her as an antibusiness bureaucratic tyrant is overblown. "Why is it that you can safely buy aspirin at the drugstore?" she asks. The answer: the Food and Drug Administration. The consumer bureau would play a similar role for financial products by ensuring their safety and reliability. Warren says that's good not just for consumers but for the whole economy. "Bad consumer financial products contributed to the greatest financial crisis since the Great Depression," she says. And ultimately, Warren says, no one in the government was truly responsible for the subsequent collapse. "By pulling all this together" in a financial-oversight office, "someone's going to be responsible," she says. "Someone's name is going to be on the dotted line." She hopes it will be hers. It remains to be seen whether President Obama agrees. ■

**Some of Warren's backers think Obama's team has opted to kick a hard problem down the road**

# The Pessimism Index

A new poll shows that nearly 10 years after 9/11, our greatest peril is ourselves

By Mark J. Penn

JUST 10 YEARS INTO A NEW CENTURY, MORE THAN TWO-thirds of the country sees the past decade as a period of decline for the U.S., according to a new TIME/Aspen Ideas Festival poll that probed Americans on the decade since the tragic events of Sept. 11, 2001. Osama bin Laden is dead and al-Qaeda seriously weakened, but the impact of the 9/11 attacks and the decisions that followed have, in the view of most Americans, put the U.S. in a tailspin that the country has been unable to shake during two administrations and almost 10 years of trying.

The poll confirms that the country is going through one of its longest sustained periods of unhappiness and pessimism ever. Today's teenagers hardly remember a time before 9/11, the war on terrorism, the war in Iraq and constant economic upheaval. Baby boomers, the generation known for continuous reinvention, are filled with worry and doubt about their future and the future of their children.

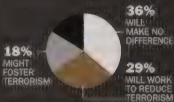
It is hard to overstate what a fundamental change this represents. A country long celebrated for its optimism amid adversity is having trouble finding the pluck and the spirit that have seen it through everything from world wars to nuclear threats to space races. The U.S. usually bounces back after a few years of difficulty, such as the Vietnam War, Watergate or recessions. After two or three years of anxiety and worry, the electorate normally returns to its innate optimism. Yet the forces now aligned against the American people seem much more formidable to those we surveyed; the poll uncovered the kinds of attitudes we saw among Europeans during the decade after World War II.

ACCORDING TO THE POLL, ONLY 6% OF MORE THAN 2,000 Americans believe the country has completely recovered from the events of 9/11. Some of this pessimism can be tied to fears of more terrorist attacks. Despite the death of bin Laden, most Americans think another terrorist attack in the U.S. is likely. Americans generally supported the post-9/11 measures to secure the homeland, like those in the Patriot Act, and have confidence in the military to deal with terrorists—and yet they see an attack coming

## The Enemy Is Elsewhere



If a major terrorist attack were to take place in the U.S., is it more likely to be the work of foreign terrorists or homegrown terrorists?



Will democratic elections in countries like Tunisia and Egypt produce governments that will work to reduce terrorism?

## The Enemy Is Us

23%  
PROGRESS



68%  
DECLINE

Overall, do you think the past decade has been one of progress or decline for the U.S. as a country?

12%  
INTERNATIONAL AFFAIRS



83%  
DOMESTIC ISSUES

In your opinion, what is more important for the U.S. to focus on in the next decade?

13%  
ONE OF THE BEST



47%  
ONE OF THE WORST

32%  
ABOUT THE SAME

How does the past decade compare with other decades in the past 100 years?

27%  
OUTSIDE THE U.S.



66%  
WITHIN THE U.S.

Do the greatest threats to long-term stability in the U.S. come from within the U.S. or from outside the U.S.?

11%  
SAME



52%  
WORSE

29%  
BETTER

When children today in the U.S. grow up, do you think they will be better off or worse off than people are now?

anyway. America's feelings of invincibility have been replaced by a new sense of inevitable vulnerability. Nearly 8 in 10 believe there will be a major terrorist attack on U.S. soil in the next decade. When asked which major city would most likely be the target of such an attack, 30% selected Washington and 27% chose New York City.

A startling 71%, including a majority of every major demographic group other than African Americans, see the U.S. as worse off now than it was a decade ago. Americans blame their leaders and politicians for the decade of decline. The Bush Administration takes the most heat—23% named it as the cause—followed closely by the Obama Administration (20%) and the U.S. Congress (16%). In contrast, only 6% blame Wall Street.

If there is widespread agreement that the U.S. is in bad shape, there is also a perception that not everyone has experienced the difficult decade in exactly the same way. Those surveyed say middle- and working-class Americans, followed by seniors and younger people, have borne the brunt of the decline—an ominous sign for any incumbent, regardless of political party. Yet those surveyed said some demographic groups were better off than they were a decade ago; they say the quality of life has improved most for gays and lesbians, the affluent, Hispanics and immigrants. And while overall the U.S. is seen as becoming more socially and politically tolerant in the past decade, the majority agreed that 9/11 set off a wave of suspicion against Muslim Americans.

Post-9/11 America is also a more isolationist country. Americans recognize that the election of President Obama brought with it a renewed sense of respect for the U.S. around the world. However, the effect of those improved relationships is overshadowed by the finding that most respondents have no desire to be more involved in global affairs. Almost two-thirds (62%) believe the U.S. today is too involved overseas. Americans are particularly impatient with U.S. policy toward Pakistan. With 69% believing that Pakistani officials knowingly harbored bin Laden, it is not surprising that 3 in 4 Americans—older Americans and Republicans especially—want the U.S. to cut back its military and nonmilitary aid to that country.

But whatever the U.S.'s worries about external forces, the biggest threats today are widely regarded as self-made. It's the enemy within that Americans register the most concern about: runaway deficits, political gridlock, skyrocketing health care costs and other structural problems. A full two-thirds of Americans see the greatest long-term threats to national stability as coming from within the U.S. This too is an enormous change from the days and months after September 2001.

President Jimmy Carter—at the urging of his pollster—rather famously gave a speech in mid-1979 suggesting that a crisis of confidence had befallen America. It took several years and a new President to return the country to its optimistic ways. President Bill Clinton faced a similar moment in 1995 and turned the mood of the country around a year later. This poll suggests we are at another malaise moment, one even longer and deeper than the mid-1970s', presenting even greater challenges—and opportunities—for leadership.

Penn is CEO of Penn Schoen Berland, the strategic-research firm that conducted the TIME/Aspen poll. He was a pollster for six years under President Clinton.

# Want to Make More Than a Banker?

**And on that farm** Tools of the trade surround John Willoughby on his 2,000-acre (800 hectare) plot outside Grand Island, Neb.





# Become A Farmer!

Seriously, it's the best job in the 21st century.  
Down on the farm, incomes are up

BY STEPHEN GANDEL/GRAND ISLAND

# If you want to become rich,

Jim Rogers, investment whiz, best-selling author and one of Wall Street's towering personalities, has this advice: Become a farmer. Food prices have been high recently. Some have questioned how long that can continue. Not Rogers. He predicts that farming incomes will rise dramatically in the next few decades, faster than those in most other industries—even Wall Street. The essence of his argument is this: We don't need more bankers. What we need are more farmers. The invisible hand will do its magic. "The world has got a serious food problem," says Rogers. "The only real way to solve it is to draw more people back to agriculture."

It's been decades since the American heartland has been a money pump and longer since farming was a major source of employment. Old rural towns have emptied as families—and the U.S.—have moved on. Technology, service jobs and finance have been the basis of the economy since at least the 1980s. Farming became the economic equivalent of a protected species—supported by a mix of government handouts, lax regulation (agriculture is one of the few industries shielded from certain child-labor laws) and charity concerns.

But in the past few years, thanks to a wealthier (and hungrier) emerging-market middle class and a boom in biofuels, the business of growing has once again become a growth business. At a time when the overall economy is limping along at an anemic growth rate of 1.9%, net farm income was up 27% last year and is expected to jump another 20% in 2011. Real estate prices in general are again falling this year. But according to the Federal Reserve, the average farm has doubled in value in the past six years. Farmland is quickly emerging as one of the year's hottest investments on Wall Street. "We've been doing this for



**Cash crop** Fields of corn are paying big dividends for farmers in Nebraska

a number of years, long before anyone thought this was sexy," says Jeff Conrad, who heads Hancock Agricultural Investment Group. "Now we are getting a lot of calls, and we are noticing more competition. There's a lot of interest in New York."

These days, a trip to Grand Island, Neb., a city of 48,500 surrounded by farms, is a trip to an economic bizarro land. Business is booming. None of the half-dozen or so local banks in town have failed or even come close to failing. In fact, profits are up. "A lot of local banks are sitting with a lot of cash," says Colby Collins, Grand Island branch manager for Five Points Bank. The largest local manufacturing plant, which makes combine harvesters, is at full capacity. Case IH plant manager Bill Baasch has hired 130 workers in the past nine months.

Sales at Global Industries, a company based in Grand Island that makes grain-storage bins and other building materials, are up 130% since 2003. Tom Dinsdale, who owns the local General Motors car dealership, says 2010 was the best year he's ever had. Customers who would normally buy a Chevy Suburban are buying a Cadillac Escalade. Dinsdale is adding an infinity pool to his nearby riverfront second home. "Business is good," he says.

Even housing has done well in the past few years. Realtor Lisa Crumrine says her office has sold 48 homes in Grand Island in 2011 and that prices are up slightly. Greg Baxter, a cattle rancher and real estate developer, says he has sold six lots so far this year in a development just off Grand Island's commercial strip. Local homebuilders are



busy constructing custom homes on the properties. That's one reason Nebraska's unemployment rate is 4.1%, the second lowest in the country behind that of mining-heavy North Dakota. Iowa's unemployment rate is a slightly higher 6%, still far lower than California's 11.7%, New York's 7.9% or the national average of 9.1%.

Even with the recent uptick, however, agriculture accounts for only 1% of U.S. GDP. Add in all those other things that are part of the farm economy—tractors, fertilizer, seeds—and you still get to only about 4%. That's smaller than real estate—about 13%—and far smaller than the nation's service sector, which makes up about 70% of the economy. As Jamie Dimon, head of JPMorgan Chase, tells *TIME*, "We don't make up what we lose to the

world in buying oil by selling them corn."

But some experts believe agriculture can do more to fuel job growth. Chuck Fluharty of the Rural Policy Research Institute at the University of Missouri sees a possible renaissance in farm towns. As money flows back into those areas, he predicts, farmers will need somewhere to invest. As they did with ethanol, he says, farmers will put their money in new industries that will create uses for their crops, like biodegradable plastics or other kinds of biofuels. The result will be more jobs. "Agriculture is the most critical story in our economy today," says Fluharty. "It will affect the future of the world."

The main reason for U.S. farmers' unlikely recovery is as familiar as the outcome is foreign. Wealthier consumers in places like China and India are eating more, and in particular they are eating more meat. The average American consumes about 250 lb. (113 kg) of meat a year. The average Indian eats less than 10 lb. (4.5 kg) a year. In China, it's more like 100 lb. (45 kg). Which means there's a lot of room for growth. Half of U.S. corn production goes to feed cattle, pigs and poultry, which drives up demand for grain. Ethanol has increased the demand for corn as well. As a result of both trends, corn prices have more than doubled in the past year, to a recent \$6.81 a bushel. Soybeans, which are the U.S.'s largest farm export to China, are up too.

Meanwhile, a number of innovations have made U.S. farmers significantly more productive than they were just two decades ago. Bioengineered seeds mean they can use smaller amounts of pesticides and water. And with GPS-aided, computer-monitored planting, some farmers are able to squeeze two rows in a space not much bigger than what used to fit only one. An average acre produced 91 bushels of corn in 1980; it now produces 152. That, along with higher prices, is boosting profits and making farmland dramatically more valuable—and farmers richer.

Ken Woitaszewski knows what it's like to lose the farm. In 1985 he got a call saying the bank was about to foreclose on his family's 500 acres (200 hectares) in Wood River, Neb. He was 24, married and living in a trailer. It had been years since his father's farm was able to support the family. He and his three brothers did odd jobs.

**1.9%**  
First-quarter  
GDP growth

**20%**  
Expected 2011 net  
farm income growth

Woitaszewski worked on other people's farms. He assembled farm equipment for a dealer. Two of his brothers drilled wells and installed pivots, the long-boom sprinkler systems that water most farms. Another worked as a plumber.

Woitaszewski says he had no idea how much financial trouble his father was in. "My father was very old school," he says. "Today's farmer is much more open-minded." But it was the 1980s, and rising interest rates were spelling an end to many family farms. Pooling their money, the brothers found they could save only a so-called quarter section, or 160 acres (65 hectares), of the family's land. That was the seed of their rebound. "Losing the family's land to the bank was an important experience," says Woitaszewski. "I remember lying in my trailer thinking, I will do whatever it takes not to let that happen again."

The first few years were rough for Woitaszewski. Crop prices were low, and farm profits were nonexistent. He and his brothers had to hold on to their odd jobs. To keep the farm afloat, they ran it as cheaply as possible. They built their own barns and fixed up old tractors. But as more people ran into trouble, more farms became available. Woitaszewski says an experienced farmer once told him the best way to not lose your farm to the bank is to pay for it in cash. "We were lucky," says Woitaszewski. "We didn't have a lot of equity, so we couldn't do a lot of borrowing." In 1990 the brothers bought another 120 acres and then 40 more in 1994. By then, prices had risen to nearly \$2,000 an acre (almost \$5,000 per hectare).

Woitaszewski and two of his brothers now farm 10,000 acres (4,000 hectares), about 60% of which they own. At the current average price of about \$4,000 an acre (just under \$10,000 a hectare) in Nebraska, the Woitaszewskis' land alone is worth \$24 million. Back-of-the-envelope math suggests profits this year could be as high as \$6 million, though Woitaszewski doubts they will hit that mark. Nonetheless, he seems somewhat amazed by his success. "We as humans possess more ability than we give ourselves credit for," he says.

John Willoughby, who owns 2,000 acres (800 hectares) in Wood River, got his start in farming in 1992, when his father-in-law retired. At the time he made the

**4.1%**  
**Unemployment rate  
in Nebraska**

**9.1%**  
**National  
unemployment rate**

switch, he worked for a bank, and most of his clients—farmers—thought he was crazy. Today the move seems to have paid off. He expects his profits to be up 25% this year, and that's on top of a number of good years. A few years ago, he and his wife built a five-bedroom, five-bathroom home. They have four daughters, and Willoughby hopes to be able to send all of them to college nearly debt-free.

Most of the money he makes, though, goes back into his farm to pay down debt or buy new equipment. Willoughby says he has seen a lot of new grain bins go up on nearby farms this year. Last summer he spent \$220,000 on a new tractor. He also bought a new grain bin (\$60,000) and recently a new sprayer (\$30,000) to spread herbicides. But the last time he bought land was three years ago, when he picked up 160 acres (65 hectares). Like other farmers, Willoughby says he is a pretty conservative businessperson. To him, land prices seem high. "It was hard to earn money for a number of years," says Willoughby. "I'm not going to waste it."

Already, the prosperity of farmers, along with rising concerns about U.S. debt, is changing the debate in Washington about agriculture. In early June, the Senate voted overwhelmingly to end tax credits and trade protections that benefit the corn-based ethanol industry. Although few think a complete ban will make it through both houses of Congress, many believe Washington is likely to curb its support of ethanol—long thought to be untouchable because of its popularity in Iowa.

The real fight will be over the farm bill, which is up for renewal next year.

The legislation, which was last passed in 2008, features \$19 billion in subsidies for farmers, including \$8 billion in direct payments. Some have long opposed the bill because it favors grains over other crops and supports large commercial farms or hobby farmers, who don't need the payments. Even the Iowa Farm Bureau has given up its support for direct payments. Woitaszewski says the amount he receives from the government has dropped dramatically as conditions for farmers have improved. He won't specify how much he gets but says it is roughly enough to cover his property-tax bill. And he says he would consider giving up his payments in return for fewer restrictions on land use. Converting land currently being used to grow grass to corn and other crops is, he says, the only real answer to high food prices.

Some fear that support from Congress could be ending just when the good times for farmers are entering a rough patch. Farming is a capital-intensive business, and most farmers need to borrow to be able to purchase their tractors and other equipment. Many expect that when the economy either improves or gets significantly worse, interest rates will rise. And rising interest rates will make it more expensive for farmers to borrow, which will lower profits. Historically, farm incomes have crashed during times when the overall economy was improving. And some economists, including Yale's Robert Shiller, are saying there is a bubble in farmland. But many agricultural economists believe the rising demand for food in Asia and elsewhere will mean that crop prices will stay high even after the economy improves.

For now, though, years of lackluster economic growth and the so-called rise of the rest are likely to ensure that the good times in the U.S.'s farm regions continue. "For most of these years, we just tried to get by," says Woitaszewski. Now grain bins, which break up the seemingly never-ending flatness of central Nebraska, are growing faster than crops. Woitaszewski has his own \$350,000 storage project in the works. "These are some of the best economic conditions I have seen in my career," he says. It's a sentiment that's welcome—and rarely heard these days beyond the Midwest's amber waves of grain. ■





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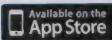
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PAGE 48

# The Culture

**46 POP CHART** Eau de *Spy Kid* / **48 BOOKS** Your ultimate summer reading list / **54 MONEY** Why the rich should flaunt their fortunes / **56 MOVIES** Hollywood's toy chest

# Pop Chart



## GOOD WEEK/ BAD WEEK

### Jeff Probst

The *Survivor* host will venture into daytime television with a fall 2012 CBS talk show.

### Charlie Sheen

His character on CBS's *Two and a Half Men* is reportedly getting killed off.



## MUSIC

### Kermit Goes Indie

Weezer, OK Go and other musical Muppets fans will record covers of songs such as "Bein' Green" and "Rain-bow Connection" for an Aug. 23 tribute collection titled (naturally) *The Green Album*. Between this and a series of tongue-in-cheek trailers for the Nov. 23 film, we are sure the Muppets are still for kids?

## VERBATIM

'I think we're irreplaceable. I don't think they could replace us.'

PAUL "DJ PAULY D" DELVECCHIO, on rumors that the *Jersey Shore* cast will be swapped for a less expensive but equally tanned troupe



## SO THIS HAPPENED

### Justin and Tiffani <3 Each Other

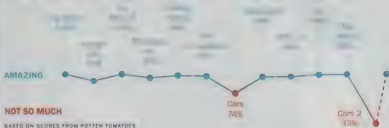
Although he was not yet born when *Saved by the Bell* aired in the early '90s, Justin Bieber showed his love for the teen sitcom by donning a retro Kelly Kapowski T-shirt. A few days later, Tiffani-Amber Thiessen, who played Kelly on the show, returned the compliment. It's like a snake eating its own tail.



## MOVIES

### The Pixar Guys Bank on a Brave Gal

It was bound to happen. *Cars 2*, the latest from do-no-wrong Pixar, received a drubbing that possibly reflected the lofty ambitions of critics more than the film's kid-friendly ambitions. The studio might recapture moviegoers over the age of 11 with 2012's *Brave*, the first Pixar film with a female lead.



## MUSIC

### Beyoncé, 4

Beyoncé is good at four things: singing, dancing in high heels, avoiding questions about Jay-Z and crafting superb, seemingly empowering pop songs that on closer listen contain a muddled message. Though "1 + 1" is the finest ballad the siren has delivered in years, her new album's first single, "Run the World (Girls)," is just an empty girl-power rehash.

—CLAIRE SUDDATH

## DRINK

### Band Wine

Having operated a wine club for over a year now, inoffensive rock band Train has created its own vino company called Save Me, San Francisco. The first offering will be Drops of Jupiter, a petite sirah named after the band's 2001 hit. But wasn't that song about the best soy latte we've ever had?



HONESTY  
THIS IS NO  
VERY ROCK  
WINE



**FLYING HIGH** The Women's World Cup kicked off June 26, with 16 teams set to compete over three weeks of play. The opener between host nation Germany and Canada broke German TV records, and though U.S. fans were slightly less excited for their squad's debut, Team U.S.A. (in white, above) beat North Korea 2-0 in its first-round match. We expect fewer wuvuzelas this time around.



#### STYLE

### Red, Black And Green All Over

Nostalgia for the King of Pop still reigns two years after his death. A signed jacket from Michael Jackson's "Thriller" video sold at auction for \$1.8 million, snapped up by a Texas commodities trader who plans to take it on tour to raise funds for children's hospitals.



#### WINNER

### And the Ugliest Shall Be First

Yoda, a 14-year-old Chinese crested-Chihuahua mix, won this year's World's Ugliest Dog Competition. A Chinese crested or a Chihuahua has won the title nine of the past 10 years. So if your kid keeps begging for a puppy ...

# 532

Number of cars destroyed during the filming of *Transformers: Dark of the Moon*, according to director Michael Bay



#### 4 THINGS YOU DON'T HAVE TO WORRY ABOUT THIS WEEK

- 1. The loss of Tom Petty's rock cred.** The musician has asked Republican Michele Bachmann to stop playing "American Girl" after campaign stops.
- 2. The supremacy of nature.** You can't beat it, so don't try. On June 23, New York City's JFK airport experienced delays due to turtles—turtles!—on the runways.
- 3. A Luddite Pope.** A recent video showed Benedict XVI tweeting for the first time. On an iPad.
- 4. Anything, really.** It's the Fourth of July! Watch some fireworks, have a beer, grill some meat, get in the pool. Not in that order.

#### MOVIES

### Silver-Screen Schemes

Director Robert Rodriguez's announcement that *Spy Kids 4* viewers will receive scratch-'n'-sniff cards to heighten their sensory experience reminded us of some other Hollywood gimmicks:



#### 3-D MOVIES

The most enduring cinematic stunt, 3-D began popping up in the '20s, and since then, it has periodically made audiences dizzy with delight.



#### SMELL-O-VISION

The scent stick has been done before. In 1960 producer Mike Todd Jr. used a complex conveyor-belt system to pump theaters full of plot-related smells.



#### THE TINGLER

In an effort to ensure that his horror film would literally be spine tingling, William Castle installed vibrating devices in the backs of theater chairs for 1959's *The Tingler*.



#### SENSURROUND

Special speakers added low-frequency bass to amplify the sound for '70s flicks like *Earthquake*. Problem: the subwoofer pulses were so strong, they damaged theaters.



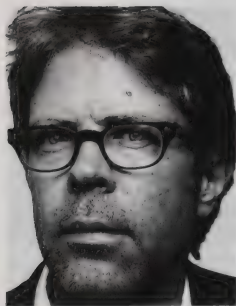
#### CINERAMA

Developed in the '50s and still found in some theaters, this pricey play uses three projectors and a giant, curved screen to create a widescreen-on-steroids effect.



# Pack Your (Book) Bag

The best pages to turn this summer, from 23 authors we admire



**Jonathan Franzen** I just read a terrific first novel that's out in the fall: Chad Harbach's ***The Art of Fielding***. It's left a little hole in my life the way a really good book will, after making room in my days for reading it—which is also what a really good book will do. And I still have to read [David Foster Wallace's] ***The Pale King***. That's high up on the list.

Franzen's most recent novel is *Freedom*.

**Megan Abbott**

I'll be reading the new Daniel Woodrell, ***The Outlaw Album***. He's my idol. The way he breaks apart language and phrases and pulls from different regional dialects—it feels very exotic to me. And his female characters are so strong, which is frequently an issue in crime fiction. He's the dream. And I'm looking forward to the new Jeffrey Eugenides (***The Marriage Plot***) and Tom Perrotta (***The Leftovers***). Both those guys write big, meaty books that you can't wait to get into.

Abbott's new novel is *The End of Everything*.

**Téa Obreht**

I want to gravitate to the book I have read during summer, past books that have strong associations. The first was reading Ernest Hemingway's ***A Farewell to Arms***. Then ***The Old Man and the Sea***, depending on whether I end up in a beach or a winter holiday. I'm not

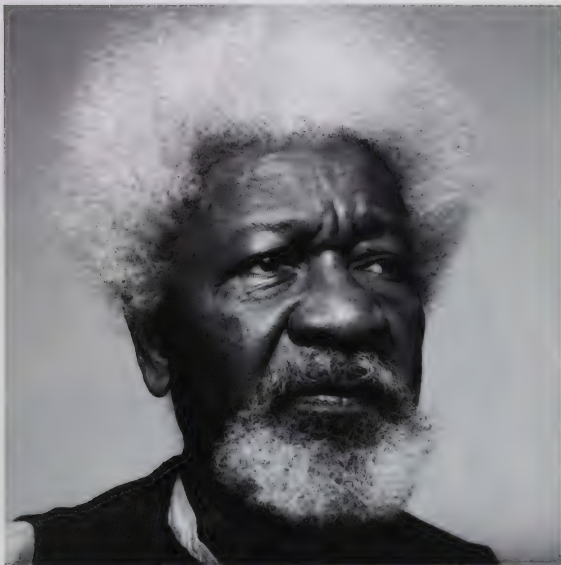
sure when I stopped experiencing "diaric" (see ***To Kill a Mockingbird***) as a theme school read and recognized that it was a masterpiece. Perhaps I was the youngest in my class, phone at small-town Maycomb, or the nostalgia of childhood phantoms and secrets in the



ability to finally find a book about a person who is like father I made it an absolute summer read for me. Obreht's debut novel is *The Tiger's Wife*.







## Salman Rushdie

**The Pale**  
 Rushdie's most recent fiction, *The Pale*, is a collection of short stories. It's a collection of stories that are as diverse as the author himself. It's a collection of stories that are as diverse as the author himself. It's a collection of stories that are as diverse as the author himself.

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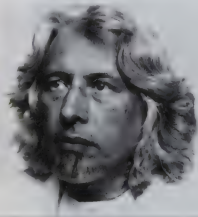
**Wole Soyinka** I'm reading a novel by a young writer—Teju Cole, *Open City*—about a Nigerian medical student in New York City. Quite recently, I laid my hands on the autobiography of Pablo Neruda [*Memoirs*]. I found it fascinating. I know his poetry, but I'd never read about his life, and afterward I could understand how the poems came out of the man.

A novelist, poet, playwright and essayist, Soyinka received the 1986 Nobel Prize for Literature.

## Vladimir Sorokin

I'd like to recommend Nikolai Gogol's *Dead Souls*, a Russian metaphysical book with fantastic language, and *Ada, or Ardor* by Vladimir Nabokov. It's plotless, but that's not a bad thing; you can pick it up from any page and enjoy it just as you would if you were reading it all the way through.

Sorokin is the author of *Days of the Openness* and the forthcoming *...*



## Emma Donoghue

*Room* is the one I imagine, and I don't notice the reviews. Actually, it's more common to be sitting in the kitchen reading something contemporary. That's a common thing to do. It's a common thing to do. It's a common thing to do.

Donoghue's most recent novel is *Room*. It's a collection of stories that are as diverse as the author himself. It's a collection of stories that are as diverse as the author himself.





**Demetri Martin**

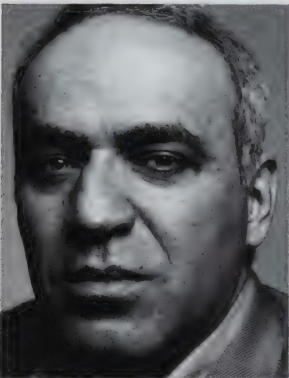
How did comedy  
come to be?  
Comedy is a  
human condition.  
When you're alone,  
it's a joke. It's a  
joke. It's a joke.  
It's a joke. It's a  
joke. It's a joke.

When I first started  
writing, I was  
writing about  
**Fire and  
Rain: The Beatles,  
Simon & Garfunkel,  
James Taylor, CSNY  
and the Love Generation  
of 1970**  
I was writing about  
the music of the  
1970s. I was writing  
about the music of  
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music of the 1970s.

## Garry Kasparov

No. 1 recommendation is Vladimir Sorokin's **Day of the Oprichnik**. It's an extremely negative outlook on my country, in which Sorokin grasps elements of Russian history and projects them into a high-tech future. Anyone who wants to learn more about Russia and what could be the outcome of [Vladimir] Putin's rule should read the book. It's dark and dystopian, but it's a part of our life.

Kasparov is the author of more than 20 books on chess.



## Deborah Eisenberg

There's a book that I absolutely adore called **Skylark**, written by a Hungarian writer, Dezso Kosztolanyi, in the 1920s. On the surface, it seems very simple and local, the story of a homely girl in a small Hungarian town, but it is electrifying, hilarious and unbelievably painful. It encapsulates just about all of human experience, like a magic diorama you enter that becomes absolutely real and endless.

Eisenberg's most recent book is *The Collected Stories of Deborah Eisenberg*.

## Ann Patchett

I recently read  
Kevin Wilson's novel  
**The Family Land**,  
which is so strange  
and engaging and  
hysterically funny.  
It's about a husband  
and wife who are  
performance artists,  
and force their  
young children to be  
part of their art  
project. It is a book  
like nothing else.  
Every summer I  
like to pick it up.

My husband is a  
reading addict. He  
reads books all  
day long. He reads  
books all day long.  
He reads books all  
day long. He reads  
books all day long.



## San Luis Rey, and Great Expectations

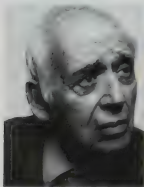
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and unbelievably painful.  
It encapsulates just about  
all of human experience,  
like a magic diorama you  
enter that becomes  
absolutely real and  
endless.

Patchett's new novel is  
*State of Wonder*.



*Edmund White* Aleksandar Hemon's **The Lazarus Project** is a wonderful book. It braids together two narratives: one about a man from Yugoslavia who goes to Chicago [in the early 1900s] with a message for the chief of police, who assumes he is an anarchist and shoots him dead; the other about Serbs living in modern-day Chicago trying to track down the man's story.

White's most recent book is a memoir, *City Boys*.



Harold Bloom

I always reread  
what I always reread:  
**Shakespeare, Dante,  
Homer, Cervantes.**  
They are better  
to read and reread  
than anybody else.

Bloorn's new book is *The Anatomy of Influence*.



*Janny Scott*

[illegible]

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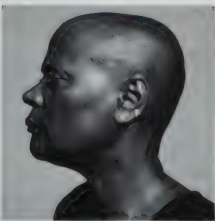
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**Is the Life of a**  
**Country Gentleman**  
**Really Worth the**  
**Price?**  
**By the Author of**  
**The Life of a**  
**Country Gentleman**  
**in the Wooded Hills**  
**is a Good Thing**  
**Country Gentleman**  
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Scott is the author of *A Singular Woman: The Untold Story of Barack Obama's Mother*.



*Sapphire*

This summer I'm reading *Malcolm X: A Life of Reinvention* by Manning Marable, *The Immortal Life of Henrietta Lacks* by Rebecca Skloot and the poetry collection *Culture of One* by Alice Notley, whose book is a meditation on a woman who lives alone in the Southwest in a dumpster. Oh, it doesn't sound like fun! [Laughs.] But Notley is a poet, so her exquisite challenge is to create beauty out of a horrible situation.

Sapphire's new novel is *The Kid*





**Laura Hillenbrand**

expressing *West with the Winds* by Henry Wadsworth Longfellow is a poem that was a favorite of mine in high school. I measureless Paris is evoking history about the Battle of the Alamo.

Hillenbrand's most recent book is *Unbroken*.

**Mircea Cartarescu**

Howard's novel *The Sunflower* is a book that I think it's at least the 19th time that I've read it. I'm not claiming to read anything, this is a book that I think it's a great book.

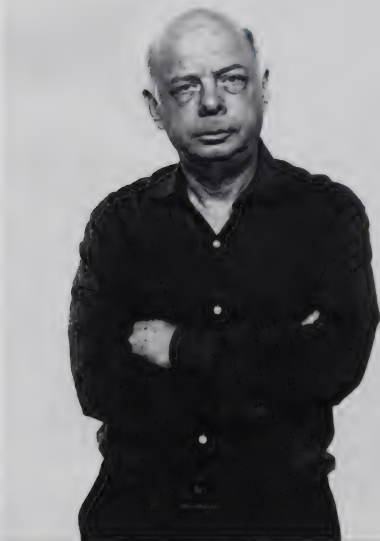
The first translation of it in English is *Blindness* (Vintage) which will come next year.



In his first novel, *The Sunflower*, author Mircea Cartarescu explores the relationship between the two worlds of the 19th century. The novel is a story of a man who is a member of the aristocracy and is a member of the aristocracy. The novel is a story of a man who is a member of the aristocracy and is a member of the aristocracy.

Cartarescu's novel *The Sunflower* is a story of a man who is a member of the aristocracy and is a member of the aristocracy. The novel is a story of a man who is a member of the aristocracy and is a member of the aristocracy.

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**Wallace Shawn**

**What will you be reading this summer?**  
Well, that's really not anybody's business, is it? It's very personal. It's too personal.

**Is there a book you find yourself rereading in summertime?**  
Move on to the next question.

**Is there any book you'd recommend for the summer?**

It's hard to recommend a book if you don't know who you're recommending it to. I could recommend a book to someone who's quite a bit like me: *The Collected Stories of Mavis Gallant*. You can read one story, put the book aside and read another a year later. It could last a lifetime.

Shawn's most recent book is *Essays*.



## By Bill Saporito

THINKING ABOUT BUYING A NEW JET because your old one is burning too much high-priced aviation fuel? Smart idea. Place your deposit—and then get in line. Business-jet makers like Bombardier are back-ordered on some models.

The real estate market is still a fixer-upper, with prices continuing to fall, according to the S&P/Case-Shiller Index. Own a place in Las Vegas and you are underwater in the desert. But on the island of Manhattan, top-end properties are moving. One apartment on Fifth Avenue, owned by the 104-year-old reclusive daughter of a 19th century copper baron, went on the market after her death. The asking price will be a couple of floors north of \$50 million, and 21st century hedge-fund barons are available to buy it.

While the economy as a whole is as sticky as Arizona asphalt, grinding out incremental gains in jobs, GDP and joy, the view from the upper end of the tax bracket is cheerier—creating some interesting economic distortions. Look at Newt Gingrich. The presidential candidate, whose party demands huge deficit and spending cuts, got blinded by the political sparkle of the third Mrs. Gingrich's diamond necklace, one of a string of buys from Tiffany & Co. that Newt Gingrich got with a \$500,000 credit line. You can get a lot of health insurance with that kind of change.

Try not to resent the fact that rich people have exited the recession and are spending again. The economy needs their activity, the more excessive the better. As

Christmas neared in the months following the Lehman Brothers collapse, the financial crowd feared that conspicuous consumption would not be tolerated by the pitchfork-wielding masses. No limos, no lavish parties, no Cristal. So who suffered? Not bankers and traders: it was drivers and cooks and wine shops.

The lesson of this postrecession is that while cutting debt is a wonderful and worthy thing for many overleveraged Americans, it's spending that does the mending in a recovery. Consumer spending accounts for about 60% of all economic activity. "The ability and willingness of households to spend will be an important determinant of the pace at which the economy expands in coming quarters," Fed Chairman Ben Bernanke noted.

We haven't had enough of it in the middle- and lower-middle-class segments. Martha Stewart, a rich person, has put her publishing company, Martha Stewart Living Omnimedia Inc., up for sale because not enough of her aspirational middle-class readers are buying her advice on the perfect lobster roll because they aren't buying lobsters.

The lack of spending is obvious in retail. At Talbot's, where


career women buy sensible clothing, career women have sensibly been holding back. Go down a rung and witness the poor results at Gap, Sears and Walmart as well.

Compare that with Gingrich's favorite shop, Tiffany, which reported quarterly earnings up 26%, to \$81.1 million. Burberry's profits are up 39%. At hotelier Marriott, the company's top-tier Ritz-Carlton flag is outperforming the middle-market flags because its patrons are more confident of their prosperity.

The wealthiest 5% earn 21.7% of the nation's income but spend proportionately less of it than average folk. That's logical and also explains why the former save more than the latter and thus become wealthier. But their spending is vital. High-end customers account for nearly a third of total discretionary spending, according to Empirical Research Partners. During the recession, the wealthy cut back disproportionately too. Boat sales, for instance, dropped 80%, costing many jobs.

There's a big case to be made for conspicuous consumption in these debt-reducing times. Can we make a deal, bankers? The country has so little regard for you—Republican Senators excepted—that some extravagant spending will do little to offend anyone further. Business owners and leaders: you've gone out of your way not to hire anyone, a strategy that has created enormous profits. You are going to pocket some of that as bonus money. Why not splurge a bit now? Some new clothes, a boat, a car, perhaps dinner at a nice restaurant this weekend. The rest of the workforce could use a little tip money. And who knows? With your spare change, maybe they'll buy something.





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# Movies



Rock 'Em Sock 'Em Robots: coming to a theater near you

## State of Play. Toy companies have become Hollywood's new auteurs

By Allie Townsend

WHEN MICHAEL BAY WANTS TO PLAY with toys, Brian Goldner brings the toy box. The 47-year-old CEO of Hasbro Inc. has taken his intel on the kiddie consumer market to Hollywood with explosive results: the *Transformers* franchise—directed by action-film titan Bay and based on the Hasbro line of warring alien robots—has generated more than \$1.5 billion at the box office and more than \$1 billion in toy sales; a third *Transformers* movie, *Dark of the Moon*, is stomping through theaters now. In a few weeks, a Marvel-comics superhero turned Hasbro action figure hits the big screen in *Captain America* (out July 22), on the heels of fellow Marvel-Hasbro ventures *Thor* and *X-Men*. Meanwhile, kids can petition their parents for Hasbro goodies such as the Captain America Disc Launching Shield (\$20), Captain America Hero Mask (\$9) and Captain America Shield Assault 4x4 Vehicle, complete with action figure and battle cannon (\$30).

Tie-in toys and other merchandise have been staples of blockbuster season for decades, but recent years have seen unprecedented synergy between movie and merch makers. “The part of the toy industry that is supported by movies and other entertainment is growing dramatically faster than traditional toys and games,” says Goldner, who has an executive-producer credit on the *Transformers* films. Studios seek out toy-company honchos like Goldner and Mattel’s Doug Wadleigh for feedback on scripts up to 18 months

before the movies reach the public. “Studios are coming to us earlier than ever in the development process, asking for honest input on whether the film can translate into toys or not,” says Wadleigh, senior vice president of franchise development at Mattel, which holds merchandising rights to summer contenders *Green Lantern* and *Cars 2*. (With product sales in the billions, the *Cars* franchise is Pixar’s most profitable.)

Once a partnership is in place, toy companies may also have oversight of the film’s gadgets, vehicles and accessories to ensure that big-screen props translate smoothly into at-home playthings. (*Green Lantern* Die-Cast Power Ring Keychain, \$10). “We have a Hasbro artist in the art department to keep us on the right track creatively,” says Adam Goodman, president of production at Paramount, the studio behind *Transformers* and *Captain America*.

Because comic-book superheroes are established brands that come relatively cheap, they represent low-risk, high-reward bets for toy companies. Despite withering reviews and lackluster ticket sales, *Green Lantern* represents a tidy profit for Mattel, which stands to earn \$20 million in toy sales against \$2.5 million for merchandising rights. Hasbro holds the rights to a grab bag of veteran crime fighters, including Spider-Man, Iron Man and the Avengers.

Toy companies are also digging through their vaults in hopes of reviving favorites as new blockbusters. *Battleship*, based on the Hasbro board game and starring Liam Neeson, *True Blood*’s Alexander Skarsgard and Rihanna, is due next May; Hasbro also has movie versions of Outiia, Candy Land and Clue in the pipeline. Mattel is developing films around its tried-and-tested toy lines, including *Masters of the Universe*, *Hot Wheels* cars and *Rock ‘em Sock ‘em Robots*—though *Real Steel*, a DreamWorks movie starring Hugh Jackman and an army of boxing robots, is already slated for an October release. DreamWorks says its mechanical pugilists have nothing to do with Mattel’s. But amid all this repurposing of vintage brands, *Real Steel* might just represent something akin to true innovation: the first bootleg toy franchise movie.

The *Transformers* movies have helped Hasbro sell more than \$1 billion in toys



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# Nancy Gibbs



## To the Time Machine!

Summer camp: where the living is easy and the world is wi-fi-free

**T**HE TRAVEL EXPERTS PREDICT that this will be a staycation summer, with gas prices over \$4 and the economy melting like an Eskimo pie. It's always been a luxury to be able to hop a plane to Paris, to Venice, to the Grand Canyon. But as I read the welcome letter sent to my daughter from her camp director, I decided that she is luckier still. The real luxury travel of the modern age is not through space; it's through time.

Just the fact of the letter startled me: seven leisurely pages, single-spaced—sentences that meandered from subject to object through a forest of rustling asides. It bore no resemblance to the tweets, texts, e-mails and alerts that race across my screens all day. The director, the aptly named Mr. Woodman, writes of health insurance and head lice, permission slips and spending money. As I read on I came to feel that the letter had arrived not from New Hampshire but from the 19th century.

**The language is stern: there will be no tolerance** of behavior that is “abusive, aggressive, offensive or otherwise ill-mannered.” It is playful: no blow-dryers, “as the use of them is still prohibited under the terms of an exclusive contract we have for that service with Sun & Wind, which is a wholly owned subsidiary of the highly reputable Mother Earth Inc.” It is philosophical: contrary to popular belief, there is no such thing as perfect safety, and being around horses, water, farm animals and, for that matter, humans involves some risk, which must be accepted and embraced, and please sign here to indicate that you understand this simple premise about a life worth living.

And it is elegiac. According to modern risk managers, camp staff should only hug a camper or pat her shoulder if they

have the girl's and her parents' explicit permission. “’Tis a sad day,” Mr. Woodman writes, “when the spontaneity of expression of encouragement or concern for a child with a timely hug or touch is lost to worries about the possible adverse consequences ...” But such are our litigious, suspicious, ambivalent times.

By the time I finished reading, I realized that while my daughter just wanted two weeks around horses, I was pleased



she'd have two weeks around 1880. Two weeks in a place where the kitchen smells of fresh sweet things, floorboards are wide, hopes are high, hands are callused. *Before To Catch a Predator.*

A lot of camps and summer programs for kids seem to have discovered that among the most valuable things they offer is what they don't offer. No wi-fi. No grades. No hovering parents or risk managers or parents who parent like risk managers. The world as it was, or maybe just as we imagined it was, 100 years B.S. (before screens).

But it's not only kids who thrive on time travel. Time dissolves in sum-

mer anyway: days are long, weekends longer. Hours get all thin and watery when you are lost in the book you'd never otherwise have time to read. Senses are sharper—something about the moist air and bright light and fruit in season—and so memories stir and startle. Go on vacation with your siblings; you will be back in the treehouse of code words and competitions and all the rough rivalries of those we love but do not choose as family. I am more likely to read trashy books, eat sloppy food, go barefoot, listen to the Allman Brothers, nap and generally act like I'm 16 than I'd ever be in the dark days of February. Return to a childhood haunt, the campground, the carnival, and let

the season serve as a measuring stick, like notches on the kitchen doorway: the last time you walked this path, swam this lake, you were in love for the first time or picking a major or looking for work and wondering what comes next. The past was plump with questions whose answers you now know, and summer is when we get to review the exam and make corrections.

**And then having gone back,** touched base, found our firm foundations, we flip the hourglass and travel forward.

Summer is also the season of the college visit—and on the way to Mr. Woodman's idyll, my daughter and I did our first, the 16-year-old with the learner's permit driving through winding country roads to arrive at campuses that invite her to imagine herself in new dimensions: the philosophy major, the actress, the astronomer. As I watched her, in wonder and envy at what lay ahead, I remembered that any of us can ask the same questions about what comes next: What do we want to learn? Who shall we be when we grow up? Because it's summer now, and it's never too late to change majors.

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# 10 Questions



Ferguson lives in a wing of Royal Lodge, the home of her ex-husband Prince Andrew

## The tabloid-hounded and scandal-plagued Duchess of York, Sarah Ferguson explains herself. Sort of

The last time many people heard about you, it seemed as if you were on tape, accepting cash for access to your husband. Would you like to explain how that came about?

Well, you're right to say it seemed like that. It wasn't for access to Andrew. That was tabloid journalism. It was total sensationalism, cruelty and a setup. I take responsibility for my actions, but I think the tabloids should take responsibility for theirs too. It was—as I've said many, many times now—a big lapse of judgment on my part. But it put me on a path to meet Oprah and some amazing people. It's been an extraordinary shift in my life, one which has caused me really to become aware and to grow and to really be able to understand more of life.

Anybody can have a massive lapse in judgment. But this did involve somebody giving you a suitcase full of money. Did alarm bells not go off?

It wasn't a suitcase full of money. And I think we're going to drop it right now.

Do you think you get a harder time from the tabloids than other famous people do?



I think that my press has consistently been negative for 20 years.

Why do you think that is?

"Bad Fergie" sells papers. It's a very interesting persona. I don't really know who she is most of the time.

In doing a book and a TV show, both called *Finding Sarah*, aren't you opening yourself up for more tabloid inspection?

It took me many months to make the decision because I knew that I would yet again put myself above a fire pit. But I was already open. I was already scrutinized. And I thought, If I can do it and be very candid and sincere and really go to the authentic Sarah, then hopefully there are many people who would watch it and not feel so alone.

Has it been more difficult for you to do fundraising work since your trouble?

It's more difficult personally, because I feel so sad. But for the charity work, it's not difficult, because people know me.

July 1 would have been Diana's 50th birthday. What kind of life do you think she would have if she were alive? I don't know. She's not here. I wish she was. I wish she was. I'm the only ex-wife of a member of the royal family, and it's extremely hard.

The book and the show demonstrate the bond you have with your daughters and the affection and admira-

tion you have for Andrew—And he for me.

Absolutely. Have you ever considered getting remarried?

No. I think our fairy tale will end in the way we are now. He is the oak, and I am the cypress. We grow to the light and encourage each other to grow, like Kahlil [Gibran] said in *The Prophet*.

Do you regret that you are no longer married?

I think that one of the big lessons I have to learn is to live without regret. The day of [Kate and William's] wedding brought it all back to me. I was the bride up that aisle, and suddenly it's like waking up from a dream, and you suddenly go, "What happened?" And "Why did I make some of the wrong decisions I made?" But you can't go back. That's the most difficult thing.

Your daughter Beatrice got a taste of being in the tabloid eye with the hat she wore to that wedding. Did you give her advice about that?

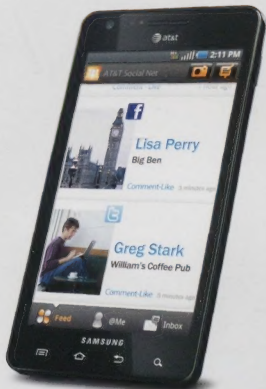
No. I was in Thailand. The hat just arrived that morning. Philip Treacy is such a great milliner; he's brilliant. But I think he had quite a lot of hats on [display] that day. I'm proud of my daughter. That Beatrice turned disaster into triumph by selling it for \$132,000 for UNICEF and Children in Crisis [a charity Ferguson founded] is the most extraordinary achievement. And it was all her idea. —BELINDA LUSCOMBE



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